ABBASI & COMPANY (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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Queens Centre, Lahore Pakistan.
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INDEPENDENT AUDITORS' REPORT

To the members of Abbasi and Company (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ABBASI AND COMPANY (PRIVATE) LIMITED**, which comprise the statement of financial position as at June 30, 2021 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position,thestatement 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 30 June 2021and of the profit and 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 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 financial statements and our auditor's reports 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

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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,

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we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

e) The Company was in compliance with the requirements of section 78 of the Securities Act,2015 andsection 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 financial statements were prepared.

The engagement partner responsible for the audit resulting in this independent auditor's report is Faisal Iqbal Khawaja.

Parker Russell AJS

Parker Russell-A.J.S.
Chartered Accountants
Lahore
Date: October 01,2021

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		Rupees	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4.	218,030,745	209,812,078
Intangible assets	5.	1,169,470	1,475,383
Long term deposits	6.	5,441,700	5,441,700
Long term investment	7.	19,669,681	19,605,539
		244,311,596	236,334,700
CURRENT ASSETS			
Trade debts	8.	2,948,518	2,450,330
Short term investments	9.	55,169,418	33,862,177
Advances, deposits and prepayments	10.	72,842,243	67,272,188
Cash and bank balances	11.	275,444,546	352,959,129
		406,404,725	456,543,824
TOTAL ASSETS		650,716,321	692,878,524
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (2020: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Share capital			
Issued, subscribed and paid up capital	12.	70,110,000	70,110,000
Capital reserves			
Share premium reserve		98,350,000	98,350,000
Fair value reserve of long term investment at FVOCI	7.2.	18,309,681	18,245,539
		116,659,681	116,595,539
Revenue reserves			
General reserve		200,000,000	200,000,000
Unappropriated profit		67,836,986	36,755,082
		267,836,986	236,755,082
		454,606,667	423,460,621
NON CURRENT LIABILITIES			
Deferred taxation	13.	-	-
		-	-
CURRENT LIABILITIES			
Trade and other payables	14.	196,109,654	269,417,903
Short Term Borrowing	15.	-	-
CONTINGENCIES AND COMMITMENTS	16.	-	-
TOTAL EQUITY AND LIABILITIES		650,716,321	692,878,524

The annexed notes from 1 to 35 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

Abbasi
DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees	
Operating revenue	17.	**81,026,716**	51,508,521
Capital gain /(loss) on sale of investments at FVTPL - net		**3,311,844**	(10,492,677)
Net fair value gain on re-measurement of investments classified at FVTPL	9.3	**15,534,348**	4,887,988
		99,872,908	45,903,832
Finance cost	18.	**(34,996)**	(52,809)
Administrative and operating expenses	19.	**(80,079,641)**	(66,622,130)
Other income	20.	**13,810,807**	13,261,810
Profit / (Loss) before taxation		**33,569,078**	(7,509,297)
Taxation	21.	**(2,487,174)**	(1,211,962)
Profit / (loss) after taxation		31,081,904	(8,721,259)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	22.	4.43	(1.24)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

S Abbasi
DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees	
PROFIT /(LOSS) AFTER TAXATION		**31,081,904**	(8,721,259)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to statement of profit or loss		-	-
Surplus on re-measurement of investment at FVOCI	7.2	**64,142**	18,245,539
TOTAL COMPREHENSIVE INCOME / (LOSS)		31,146,046	9,524,280

The annexed notes from 1 to 35 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

Abbasi
DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	SHARE CAPITAL	CAPITAL RESERVES			REVENUE RESERVES		TOTAL
	Issued, Subscribed and Paid up Capital	Share Premium Reserve	Fair Value Reserve of Long Term Investment at FVOCI	Surplus / (Deficit) on Remeasurement of Investments Available for Sale	General Reserve	Unappropriated Profit	
	---------- (IN RUPEES) ----------						
Balance as at July 01, 2019 - as per originally reported	70,110,000	98,350,000	-	(3,794,533)	200,000,000	45,476,341	413,936,341
Adjustment for the first time application of IFRS-9	-	-	-	3,794,533	-	-	
Balance as at July 01, 2018 - as adjusted	70,110,000	98,350,000	-	-	200,000,000	45,476,341	413,936,341
Total comprehensive income							
(Loss) after taxation	-	-	-	-	-	(8,721,259)	(8,721,259)
Other comprehensive income for the year	-	-	18,245,539	-	-	-	18,245,539
	-	-	18,245,539	-	-	(8,721,259)	9,524,280
Balance as at June 30, 2020	70,110,000	98,350,000	18,245,539	-	200,000,000	36,755,082	423,460,621
Balance as at July 01, 2020	70,110,000	98,350,000	18,245,539	-	200,000,000	36,755,082	423,460,621
Total comprehensive income							
Profit after taxation	-	-	-	-	-	31,081,904	31,081,904
Other comprehensive income for the year	-	-	64,142	-	-	-	64,142
	-	-	64,142	-	-	31,081,904	31,146,046
Balance as at June 30, 2021	**70,110,000**	**98,350,000**	**18,309,681**	-	**200,000,000**	**67,836,986**	**454,606,667**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

Abbasi
DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		33,569,078	(7,509,297)
Adjustments for:			
Depreciation	4.	7,731,196	8,277,080
Amortisation	5.1	405,913	437,150
Net fair value gain on re-measurement of investments	9.3	(15,534,348)	(4,887,988)
Capital (gain) / loss		(3,311,844)	10,492,677
Clearing house fee	8.1	319,180	750,990
Gain on sale of property and equipment	4.1	(5,348,003)	(1,839,565)
Dividend income	20.	(1,809,542)	(2,282,730)
Cash flow from operating activities before working capital changes		16,021,630	3,438,317
Adjustments for working capital changes:			
(Increase) / decrease in current assets			
Trade debts		(817,367)	(73,168)
Short term investments		(2,461,049)	2,016,019
Advances, deposits and prepayments		(6,141,057)	(4,238,723)
		(9,419,472)	(2,295,872)
Increase / (decrease) in current liabilities			
Trade and other payables		(73,308,249)	143,546,927
Cash (used in) / generated from operating activities		(82,727,721)	141,251,055
Income tax paid		(1,916,172)	(1,930,956)
Net cash (used in) / generated from operating activities		(68,622,263)	142,758,416
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposal of property and equipment		23,672,721	5,117,685
Payment for acquisition of property and equipment		(34,274,583)	(4,757,628)
(Increase) / decrease in long term deposits		-	(150,000)
Payment for acquisition of intangible asset		(100,000)	(258,630)
Dividend received		1,809,542	2,282,730
Net cash (used in) / generated from investing activities		(8,892,320)	2,234,157
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(77,514,583)	144,992,573
CASH AND CASH EQUIVALENTS AT START OF THE YEAR		352,959,129	207,966,556
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11.	275,444,546	352,959,129

The annexed notes from 1 to 35 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

Abbasi
DIRECTOR

Note

1. STATUS AND NATURE OF BUSINESS

Abbasi and company (private) limited (the Company) was incorporated as a private limited company in Pakistan on February 13, 1999. The Company is a TREC holder of Pakistan Stock Exchange Limited and has also acquired membership of the Pakistan Mercantile Exchange Limited. It is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares, modaraba certificates, etc. The head office of the Company is situated at 6-Shadman, Lahore. The branch office of the Company is situated at 42-Shahrah-e-Quaid-e-Azam, Lahore.

1.1. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Sr#	Particulars of Immovable Property	Geographical Location
1.	Head Office	6 - Shadman, Near China Chowk, Lahore, Pakistan
2.	Branch Office	42 - Shahrah-e-Quaid-i-Azam, Lahore, Pakistan

2. BASIS OF PREPARATION

2.1 *Statement of Compliance*

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

- International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.2 *Basis of Measurement*

These financial statements have been prepared under the historical cost convention except otherwise stated in relevant notes.

2.3 *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Pakistan Rupee (Rs).

2.4 *APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)*

2.4.1 *Standards, amendments to published standards and interpretations that are effective in the current year*

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements

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

There following standards, amendments to the IFRS and interpretations are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements:

Amendments to existing Standards:		Effective date (annual periods beginning on or after)
IFRS - 3	Business Combinations (Amendments)	1 January 2022
IFRS - 7	Financial Instruments: Disclosures (Amendments)	1 January 2021
IFRS - 9	Financial Instruments (Amendments)	1 January 2021
IFRS - 16	Leases (Amendments)	1 January 2021
IAS - 1	Presentation of Financial Statements (Amendments)	1 January 2023
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	1 January 2023
IAS - 12	Income Taxes (Amendments)	1 January 2023
IAS - 16	Property, Plant and Equipment (Amendment)	1 January 2022
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	1 January 2022

2.4.3 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance Contracts	1 January 2023

The Company expects that application of above standards will not have any material impact on the Company's financial statements.

2.5 *Use of Estimate & Judgment*

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

Property and Equipment (refer note 3.1)
Intangible Assets (refer note 3.2)
Expected credit loss (refer note 3.14 (a) (ix)
Taxation (refer note 3.8)
Provisions (refer note 3.9 b)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as otherwise specified, to these financial statements:

3.1 Tangible fixed assets - Property and Equipment and Depreciation

Property and equipment is stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Depreciation on property and equipment is charged to the statement of profit or loss applying the reducing balance method to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates specified in note 4. Depreciation on addition and deletion is charged on the basis of number of days the asset remain in use of the company up to the date of its disposal. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate, at each reporting date. Any impairment loss, or its reversal, is also charged to statement of profit or loss. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' carrying amount less the residual value over its estimated useful life. Normal repair and maintenance is charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss.

3.2 Intangible assets

These include computer software and trading rights entitlement certificate.

a) Computer software

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount. Intangible assets are amortised using the straight line method over their useful life.

b) Trading right and entitlement certificate

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated impairment, if any. Cost on initial recognition in an acquisition transaction is determined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of asset acquisition. When there is an exchange of assets and the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up. The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

3.3 Trade debts and other receivables

Trade debts and other receivables are recognized at transaction price less expected credit loss, if any. Actual credit loss experience over past year is used to base the calculation of expected credit loss. Trade debt and other receivables considered irrecoverable are written off.

3.4 Revenue recognition

Revenue from trading activities - brokerage

Commission revenue from trading of securities is recognized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Revenue from operating, consultancy and advisory services.

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

Dividend income

Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment.

Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.5 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the statement of profit or loss in the period in which they are incurred.

3.6 Foreign Currency Translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in statement of profit or loss for the year.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost.

3.8 Taxation

Income tax expenses comprise current and deferred tax.

Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.9 Employees Retirement Benefits

a) Defined contribution plan:

The company operates a funded provident fund scheme covering permanent employees and monthly equal contribution is made to the trust @10% of basic pay both by the employer and the employees.

b) Provisions

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

3.10 Dividend & Appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.11 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost/amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.12 Earning per share

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

3.13 Share Capital

Ordinary shares are classified as equity and recognized at their fair 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.

3.14 Financial Instruments

a) Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Company initially measures a financial asset at its fair value plus transaction cost. In the case of a financial asset not at fair value through profit or loss at its fair value. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(i) Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently 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.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition. If such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

(iii) **Financial assets at fair value through other comprehensive income (FVOCI)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(iv) **Impairment of financial assets**

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

(v) **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

(vi) **Definition of default**

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(vii) **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(viii) **Write-off policy**

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(ix) **Measurement and recognition of ECL.**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

(x) **Derecognition of financial assets**

Financial assets are derecognized when the contractual 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.

b) **Non-financial assets**

The Company assesses at each reporting date whether there is any indication that assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

(i) **Financial Liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value net of directly attributable transaction costs. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

(ii) **Financial Liabilities at FVTPL**

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in the profit or loss. The remaining amount of change in the fair value of liability is recognized in the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified of the statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued (if any) by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss.

(iii) **Financial liabilities measured subsequently at amortized cost**

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(iv) **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

(v) **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 legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.15 Settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the transaction is settled. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

4. PROPERTY AND EQUIPMENT

	Freehold land	Building on freehold land	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
As at July 01, 2019							
Cost	164,257,807	52,112,577	2,870,201	19,666,736	18,022,981	47,054,631	303,984,933
Accumulated Depreciation	-	(35,442,944)	(1,894,238)	(10,230,612)	(14,325,496)	(25,481,993)	(87,375,283)
Net Book Value	164,257,807	16,669,633	975,963	9,436,124	3,697,485	21,572,638	216,609,650
Year ended June 30, 2020							
Opening Net Book Value	164,257,807	16,669,633	975,963	9,436,124	3,697,485	21,572,638	216,609,650
Additions	-	-	-	159,000	1,556,593	3,042,035	4,757,628
Disposals							
Cost	-	-	-	-	-	(7,680,835)	(7,680,835)
Accumulated Depreciation	-	-	-	-	-	4,402,715	4,402,715
	-	-	-	-	-	(3,278,120)	(3,278,120)
Depreciation	-	(1,666,963)	(97,596)	(948,782)	(1,234,643)	(4,329,096)	(8,277,080)
Closing Net Book Value	164,257,807	15,002,670	878,367	8,646,342	4,019,435	17,007,457	209,812,078
As at June 30, 2020							
Cost	164,257,807	52,112,577	2,870,201	19,825,736	19,579,574	42,415,831	301,061,726
Accumulated Depreciation	-	(37,109,907)	(1,991,834)	(11,179,394)	(15,560,139)	(25,408,374)	(91,249,648)
Net Book Value	164,257,807	15,002,670	878,367	8,646,342	4,019,435	17,007,457	209,812,078
Year ended June 30, 2021							
Opening Net Book Value	164,257,807	15,002,670	878,367	8,646,342	4,019,435	17,007,457	209,812,078
Additions	-	-	450,000	153,325	2,930,693	30,740,565	34,274,583
Disposals							
Cost	-	-	-	-	-	(37,179,235)	(37,179,235)
Accumulated Depreciation	-	-	-	-	-	18,854,516	18,854,516
	-	-	-	-	-	(18,324,719)	(18,324,719)
Depreciation	-	(1,500,267)	(101,337)	(868,751)	(1,432,871)	(3,827,971)	(7,731,196)
Closing Net Book Value	164,257,807	13,502,403	1,227,030	7,930,916	5,517,257	25,595,332	218,030,745
As at June 30, 2021							
Cost	164,257,807	52,112,577	3,320,201	19,979,061	22,510,267	35,977,161	298,157,074
Accumulated Depreciation	-	(38,610,174)	(2,093,171)	(12,048,145)	(16,993,010)	(10,381,829)	(80,126,329)
Net Book Value	164,257,807	13,502,403	1,227,030	7,930,916	5,517,257	25,595,332	218,030,745
Rate of Depreciation (%)	-	10%	10%	10%	30%	20%	

4.1 Details of property and equipments disposed during the year are as follows:

Sr#	Description	Buyer	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain on disposal
1.	Motor Car	Third party	Negotiation	2,666,060	1,183,284	1,482,776	1,800,000	317,224
2.	Motor Car	Third party	Negotiation	2,985,940	533,654	2,452,286	2,625,000	172,714
3.	Motor Car	Third party	Negotiation	2,865,000	192,863	2,672,137	2,775,000	102,863
4.	Motor Car	Employee	Negotiation	1,816,550	1,226,101	590,449	859,300	268,851
5.	Motor Car	Employee	Negotiation	787,606	532,243	255,363	293,560	38,197
6.	Motor Car	Third party	Negotiation	14,517,304	10,769,973	3,747,331	7,250,000	3,502,669
7.	Motor Car	Third party	Negotiation	1,913,130	1,275,316	637,814	925,000	287,186
8.	Motor Car	Employee	Negotiation	1,900,980	1,308,678	592,302	888,309	296,007
9.	Motor Car	Third party	Negotiation	2,867,625	238,827	2,628,798	2,725,000	96,202
10.	Motor Car	Third party	Negotiation	2,970,000	315,600	2,654,400	2,700,000	45,600
11.	Motor Car	Employee	Negotiation	1,889,040	1,277,978	611,062	831,552	220,490
				37,179,235	18,854,517	18,324,718	23,672,721	5,348,003

	Note	2021	2020
		Rupees	
5 INTANGIBLE ASSETS			
Computer Software	5.1	529,470	835,383
Trading rights entitlement certificate	5.2	640,000	640,000
		1,169,470	1,475,383

5.1 COMPUTER SOFTWARE - FINITE USEFUL LIFE

		2021	2020
As at July 1,			
Cost		7,340,909	7,082,279
Accumulated amortisation		(6,505,526)	(6,068,376)
Net Book Value		835,383	1,013,903

	Note	2021	2020
Year ended June 30,			
Opening Net Book Value		835,383	1,013,903
Additions		100,000	258,630
Amortisation		(405,913)	(437,150)
Closing Net Book Value		529,470	835,383
As at June 30,			
Cost		7,440,909	7,340,909
Accumulated amortisation		(6,911,439)	(6,505,526)
Net Book Value		529,470	835,383
		20%	20%

5.2 TRADING RIGHTS ENTITLEMENT CERTIFICATE - INFINITE USEFUL LIFE

	Note	2021	2020
Pakistan Stock Exchange Limited	5.2.1	640,000	640,000
		640,000	640,000

5.2.1 TRECs were received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. These are trading rights in Pakistan Stock Exchange which had replaced membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Subsequently from 11th January 2016 Lahore, Islamabad and Karachi Stock Exchanges have been integrated to form Pakistan Stock Exchange with the approval of SECP. Before demutualization in 2012 the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards were replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange in pursuance of section 5 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act) and with regulation 6 of the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012.

These have been carried at cost less accumulated impairment losses. The ownership in a stock exchange segregated from the right to trade on the exchange and accordingly, the Company has received equity shares of PSX and Trading Right Entitlement Certificates (TRECs) in lieu of its membership card of PSX.

The notional value of the TRE certificate was Rs. 2.5 million for the purpose of Base Minimum Capital. The base minimum capital being maintained by the Company is regularly monitored by the SECP.

	Note	2021	2020
		Rupees	
6. LONG TERM DEPOSITS			
Deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Mobile deposit		101,500	101,500
Electricity and Sui gas deposit		110,200	110,200
Deposit with NCCPL		300,000	300,000
Building deposit with PMEX		2,500,000	2,500,000
Deposit for Sialkot and Faisalabad trading floors and booth		50,000	50,000
Security deposit LSE Financial Services Limited		30,000	30,000
Security deposit (NCCPL) - DFC		1,000,000	1,000,000
Deposit with PSO		400,000	400,000
Security deposit - Murabaha shares		100,000	100,000
Security deposit membership card- PMEX		750,000	750,000
		5,441,700	5,441,700

7. LONG TERM INVESTMENT

	Note	2021	2020
Investment at fair value through other comprehensive income - unquoted:			
LSE Financial Services Limited (unquoted) - at cost	7.1	19,605,539	1,360,000
Adjustment for remeasurement to fair value	7.2	64,142	18,245,539
		19,669,681	19,605,539

7.1 This represents trading rights in Pakistan Stock Exchange (Previously Lahore Stock Exchange Limited) and LSE Financial Services Limited shares which had replaced membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Subsequently from 11th January 2016 Lahore, Islamabad and Karachi Stock Exchanges have been integrated to form Pakistan Stock Exchange with the approval of SECP. Before demutualization in 2012 the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards were replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange. As a result 843,975 shares of Rs.10/- each have been allotted to the Company out of which 60% of the shares were blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% were available to members with no condition on their future sale.

The Institute of Chartered Accountants of Pakistan in its 'selected opinion' concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however once sold it would not be sellable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stressed that any subsequent measurement of the shares and / or TREC would only be possible where reliable fair values can be measured. This would most likely happen when the blocked shares are sold to the strategic investor or to the general public through an IPO and an active market develops for the TREC.

Taking to account the above factors and in the absence of an active market for TREC and shares, the value of the TREC and shares was initially measured at the value of the membership card with which they were exchanged and subsequently carried at cost. For this purpose, the value of the membership card was allocated between TREC and Shares on proportionate basis at the initial ratio of 32:68 which was determined on the basis of the estimated values of LSE shares (Rs. 8.439 million) and TREC (Rs. 4.0 million). Resultantly the shares have been recognized at Rs. 1.360 million and TREC at Rs. 0.640 million. Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stated that the apportioned carrying value would be required to be tested for impairment as per IAS 36, if any. When the management and the auditor conclude that there is no impairment, they may continue to use the apportioned carrying value.

7.2 These shares are neither listed on any exchange nor are they actively traded. The latest net asset value per share of these shares as notified by LSE Financial Services Limited (Rs. 23.306 per share as at December 31, 2020, compared to Rs. 23.23 per share as at June 30, 2020). The Company is valuing the shares on the latest available NAV of LSE Financial Services Limited.

	Note	2021	2020
		Rupees	
8. TRADE DEBTS AND OTHER RECEIVABLES			
Considered good and secured			
Trade debts		2,948,518	2,204,437
Trade debts - PMEX		-	245,893
		2,948,518	2,450,330
Considered doubtful		1,070,170	750,990
		4,018,688	3,201,320
Less: Allowance for expected credit loss	8.1	(1,070,170)	(750,990)
		2,948,518	2,450,330

8.1 *Movement in allowance for expected credit loss*

	2021	2020
Balance as on July 01	750,990	750,990
Add: Charged for the year	319,180	-
Balance as on June 30	1,070,170	750,990

8.2 Fair value of capital securities of clients, pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2021 amounted to Rs. 1,081.94 million (2020: Rs. 674.523 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

	June 30, 2021		June 30, 2020	
	Number of securities	Amount *(Rupees)*	Number of securities	Amount *(Rupees)*
Client	68,633,034	1,081,940,572	66,463,327	674,522,777
Total	68,633,034	1,081,940,572	66,463,327	674,522,777

8.3 Ageing Analysis

	2021	2020
Upto fourteen days	137,140	173,604
More than fourteen days	3,881,548	3,027,716
	4,018,688	3,201,320

9. SHORT TERM INVESTMENTS

	Note	2021	2020
At fair value through profit or loss:			
Shares of listed companies - at fair value	9.1	55,169,418	33,862,177
		55,169,418	33,862,177

9.1 *Investments in shares of listed companies at fair value through profit or loss*

Name of Securities	Number of Shares 2021	2020	2021	2020
			Rupees	
ENGRO FOODS	172,000	170,000	19,793,760	12,496,700
SAIF POWER LIMITED	-	86,000	-	1,382,020
BIAFO INDUSTRIES	32,238	29,308	4,455,292	4,212,146
INTERNATIONAL STEEL	-	5,000	-	258,250
MATCO FOODS LIMITED	-	120,000	-	2,287,200
NISHAT CHUNIAN LIMITED	100,000	100,000	5,029,000	3,245,000
RELIANCE WEAVING MILLS	-	15,000	-	345,000
PACKAGES LTD	6,200	6,000	3,380,240	2,083,260.00
AISHA STEEL LTD	50,000	-	1,245,500	-
KOT ADDU POWER CO.	-	50,500	-	1,017,575
BANK AL HABIB LTD	45,000	-	3,155,400	-
BUNNY'S LTD	53,000	-	2,185,720	-
K - ELECTRIC	-	500,000	-	1,505,000
HABIB BANK LTD	12,500	-	1,529,625	-

THE SEARLE PAKISTAN	-	700	-	139,461
HABIB SUGAR MILLS LIMITED	50,000	50,000	1,650,000	1,475,000
SIDDIQSONS TIN PLATE	-	145,000	-	1,336,900
TREET CORPORATION	-	89,000	-	1,589,540
DATA AGRO LIMITED	-	3,500	-	34,125
ENGRO POLYMER	72,500	-	3,424,900	
GLAXOSMITHKLINE	12,900	-	3,226,161	
SHELL PAKISTAN	20,600	-	3,609,120	
INDUS DYING	3,500	-	1,225,000	
CRESCENT STEEL	15,000	10,000	1,259,700	455,000
			55,169,418	33,862,177

9.2 *Reconciliation between fair value and cost of investments, classified as investments at fair value through profit or loss*

	Note		
Market value of the investments	9.1	55,169,418	33,862,177
Cost of the investments		59,077,464	53,304,571
		(3,908,046)	(19,442,394)

	Note	2021	2020
		Rupees	
9.3 *Movement in unrealized gain / (loss) on remeasurement of short term investments*			
At the beginning of the year		(19,442,394)	(24,330,382)
Net unrealized gain / (loss) in value of investment for the year		15,534,348	4,887,988
At the end of the year	9.2	(3,908,046)	(19,442,394)

10. ADVANCES, DEPOSITS AND PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021	2020
Advances to employees		6,634,000	5,251,500
Tax refund due from government		6,282,338	6,853,340
Short term deposits	10.1	59,376,578	54,855,690
Other advances		23,991	10,456
Prepayments		336,579	301,202
Other Receivables		188,757	-
		72,842,243	67,272,188

	Note	2021	2020
		Rupees	

10.1 This includes the margin deposit and clearing deposit with PMEX and margin deposit with NCCPL that are shown below:

	Note	2021	2020
Clearing deposit with PMEX	10.1.1	8,876,578	5,989,657
Margin deposit with PMEX		-	18,866,033
Margin deposit with NCCPL	10.1.2	50,500,000	30,000,000
		59,376,578	54,855,690

10.1.1 This deposit represents trade exposure from members on behalf of clients' trades with PMEX.

10.1.2 This represent deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of future and ready counter.

11. CASH AND BANK BALANCES

	Note	2021	2020
Cash and cash equivalents			
Cash in hand		1,192,920	832,325
Cash at bank			
-In current accounts		211,030,832	253,011,896
-In saving accounts	11.1	63,220,794	99,114,908
	11.2	274,251,626	352,126,804
		275,444,546	352,959,129

11.1 This carries profit at average rate of 6.75% (2020: 6.75%) per annum.

11.2 Cash at bank

-House account	80,942,987	71,956,252
-Client account	193,308,639	246,144,456
-PMEX account	-	34,026,096
	274,251,626	352,126,804

12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	Note		
6,611,000 (2020: 6,611,000) Ordinary share of Rs. 10/- each fully paid in cash.		66,110,000	66,110,000
400,000 Ordinary share of Rs. 10/- each issued for consideration other than cash.		4,000,000	4,000,000
	31.	70,110,000	70,110,000

12.1 There is only one class of shares

13. DEFERRED TAX - NET

	Note		
Deferred taxation	13.1	-	-

13.1 **Deferred tax liabilities on taxable temporary differences:**

	Note		
Accelerated tax depreciation and amortisation		6,424,121	5,051,823
Deffered tax asset on deductible temporary differences:			
On remeasurement of investments at FVTPL		(586,207)	(2,916,359)
Business loss		(5,026,277)	(5,261,755)
Alternate corporate tax		(979,868)	-
Allowance for expected credit loss		(310,349)	(217,787)
Minimum tax on brokerage commission		(2,643,349)	(1,427,948)
		(3,121,929)	(4,772,026)
Unrecognised deferred tax asset	13.2	3,121,929	4,772,026
		-	-

13.2 The company, based on the future projections, has recognized deferred tax assets only to the extent of deferred tax liabilities amounting, in aggregate to Rs. 6.424 million (2020: 5.052 million). The company has not recognized further deferred tax asset amounting to Rs. 3.122 million (2020: 4.772 million) pertaining to unused business losses (Rs. 10.765 million (2020: Rs. 18.143 million)), decelrated depreciation, remeasurement of investments at FVTPL, expected credit losses, minimum tax and alternate corporate tax.

	Note	2021	2020
		Rupees	
14. TRADE AND OTHER PAYABLES			
Creditors		193,308,639	246,144,456
Accrued expenses		660,699	591,449
PST payable		1,723,120	575,886
Margin with PMEX payable to clients		-	19,082,522
Other liabilities		417,196	3,023,590
		196,109,654	269,417,903

14.1 This includes Rs. NIL (2020: NIL) due to related parties.

15. SHORT TERM BORROWINGS

The company has obtained facility amounting to Rs. 40/- Million (2020: Rs. 40 Million) which remained un-utilized for the current year. The facility has been provided against pledge of shares in the name of Company with 50% margin.

16. CONTINGENCIES AND COMITTMENTS

There are no contingencies and commitments as at 30 June 2021 (2020: Nil)

17. OPERATING REVENUE

Brokerage income - Pakistan Stock Exchange	77,634,187	44,442,102
Brokerage income - Pakistan Mercantile Exchange Limited	3,392,529	7,066,417
	81,026,716	51,508,519

18. FINANCE COST

Bank charges	34,996	52,809
	34,996	52,809

	Note	2021	2020
		Rupees	
19. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		8,199,444	5,447,700
Salaries and other benefits		32,826,988	23,395,538
Provident fund		1,256,521	1,119,718
Utility expenses		3,925,623	3,768,531
Travelling and conveyance		62,922	152,966
Agent commission		1,067,338	1,873,150
Fax and internet expenses		1,775,067	2,085,812
Postage, telegram and SMS charges		144,042	204,709
Parcels		283,161	266,887
Insurance		706,359	765,550
Auditors' remuneration	19.1	275,000	262,500
Legal and professional charges		4,385,243	3,990,120
Vehicle running and maintenance		3,627,999	3,811,059
Newspapers and periodicals		54,961	133,355
Printing and stationery		409,115	663,689
Repair and maintenance		2,313,759	1,713,106
Fee and subscription		917,278	1,295,594
Rent, rates and taxes		880,216	885,478
Donation		3,860,373	1,520,501
Entertainment		1,306,419	767,807
Computer expenses		1,151,062	669,657
Other expenses		2,194,461	2,363,483
Allowance for expected credit loss		319,180	750,990
Amortisation	5.1	405,913	437,150
Depreciation	4.	7,731,196	8,277,080
		80,079,641	66,622,130

19.1 Auditors' remuneration

Annual audit fee	275,000	262,500
	275,000	262,500

20. OTHER INCOME

Income from financial assets			
Profit on deposits with banks		2,988,764	6,597,161
Dividend income		1,809,542	2,282,730
Return on PSX exposure deposit and PMEX deposit		1,537,110	2,123,798
Consultancy and IPO Income		308,884	-
Income from non financial assets			
Gain on sale of property and equipment	4.1	5,348,003	1,839,565
Client account maintenance fee		1,818,504	418,556
		13,810,807	13,261,810

	Note	2021	2020
21. TAXATION			
Current			
- For the year		2,458,637	1,078,644
- Prior years		28,537	133,318
Deferred			
- For the year		-	-
		2,487,174	1,211,962

21.1 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2020. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

21.2 Due to taxable losses, provision for current year income tax is based on section 113 of the Income Tax Ordinance, 2001.

	Note	2021	2020
		Rupees	

22. EARNINGS /(LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the company, which is based on :

Profit / (loss) after taxation	31,081,904	(8,721,259)
Weighted average number of ordinary shares	7,011,000	7,011,000
Earnings / (loss) per share (Rupees)	4.43	(1.24)

23. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts during the year for remuneration including benefits is as follows:

	June 30, 2021			June 30, 2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Remuneration	2,400,050	5,799,394	8,362,220	2,160,300	3,287,400	2,909,409
Provident fund	147,001	223,442	319,753	140,004	212,808	187,200
	2,547,051	6,022,836	8,681,973	2,300,304	3,500,208	3,096,609
Number of Persons	1	2	5	1	2	2

No meeting fee has been paid to any director of the company during the year (2020: Rs. Nil). Two executives are provided with company maintained car for business and personal use.

24. RELATED PARTY DISCLOSURES

Related parties comprise entities with common directorship or under influence, directors and key management personnel. Details of transactions with related parties during the year have specifically been disclosed elsewhere in these financial statements, where applicable.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

25.1 *Risk management framework*

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

A Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by internal audit department. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

25.2 *Financial assets and liabilities by category and their respective maturities*

	June 30, 2021		June 30, 2020	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
	---------------- Rs. ----------------			
Financial asset				
At amortized cost				
Long term deposits	-	5,441,700	-	5,441,700
Trade debts - unsecured and considered good	2,948,518	-	2,450,330	-
Advances, deposits and prepayments	59,376,578	-	54,855,690	-
Cash and bank balances	275,444,546	-	352,959,129	-
Fair value through other comprehensive income				
Long term investment		19,669,681		19,605,539
Fair value through profit or loss				
Short Term Investments	55,169,418	-	33,862,177	-
Total	392,939,060	25,111,381	444,127,326	25,047,239

	June 30, 2021		June 30, 2020	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
	---------------- Rs. ----------------			
Financial liabilities at amortized cost				
Trade and other payables	194,386,534	-	268,842,017	-
Total	194,386,534	-	268,842,017	-

25.3 *Fair values estimate*

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

i) Fair value at initial recognition

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long term deposits and employee vehicle scheme the fair value of financial assets and financial liabilities recognized in these financial statements equals the transaction price at initial recognition. Due to immaterial effect the fair value of the long-term deposits and employee vehicle scheme has not been determined and their carrying value has been assumed to be equal to their fair value.

ii) Valuation techniques and inputs used

Fair values of financial assets that are traded in active markets are based on quoted market prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. The Company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgement and estimation. The short term investments at fair value through profit or loss are measured at level 1 while long term investments at fair value through other comprehensive income are measured at level 2 due to unavailability of active market of blocked shares of LSE financial services limited.

	Level	June 30, 2021		June 30, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
			------------ Rupees ------------		
Financial assets carried at fair value:					
Long term investment	Level 2	19,669,681	19,669,681	19,605,539	19,605,539
Short Term Investments	Level 1	55,169,418	55,169,418	33,862,177	33,862,177

iv) Fair value of the Company's financial assets and liabilities that are not measured at fair value after initial recognition

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values. Fair values of financial assets and liabilities carried at amortized cost.

v) Determination of fair values:

Fair values of financial assets that are traded in active markets are based on quoted market prices for all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and for such financial instruments company uses observable inputs like net assets values

25.4 ***Financial Risk Factors***

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

25.5 *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would causes their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts and deposits. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

	Note	2021	2020
		Rupees	
The carrying amount of financial assets represent the maximum credit exposure, as specified below:			
At Amortized Cost			
Long term deposits		5,441,700	5,441,700
Trade debts - unsecured and considered good		2,948,518	2,450,330
Advances, deposits and prepayments		59,376,578	54,855,690
Bank balances		274,251,626	352,126,804
		342,018,422	414,874,524

i) Credit quality and impairment:

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Counterparties, with the exception of long-term deposits, trade debts and other receivables have external credit ratings determined by various credit rating agencies.

a) Counterparties without external credit ratings:

The counterparties for which external credit ratings are not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations. These mainly include long-term deposits, trade debts and other receivables which are considered good.

b) Counterparties with external credit ratings:

These include banking companies and financial institutions which are counterparties to cash deposits, saving deposits etc.

Following are the credit ratings of the counterparties with external credit ratings:

Bank Name	Agency	Date	Short term rating	Long term rating	2021 Rupees	2020 Rupees
MCB Bank Ltd	PACRA	June 30, 2021	A-1+	AAA	1,151,421	3,844,618
Allied Bank Ltd	PACRA	June 30, 2021	A-1+	AAA	170,996	171,171
Habib Bank Ltd	JCR-VIS	June 30, 2021	A-1+	AAA	36,192,196	17,856
Bank Al Habib Ltd	PACRA	June 30, 2021	A-1+	AAA	236,737,013	348,093,160
					274,251,626	352,126,804

25.6 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. The Company finances its operations through equity 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 the financial liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

	2,021			
	Carrying amount	Contractual cash flow	Less than one year	More than one year
	------------------- Rupees -------------------			
Financial liabilities				
Trade and other payables	194,386,534	194,386,534	194,386,534	-

	2020			
	Carrying amount	Contractual cash flow	Less than one year	More than one year
	------------------- Rupees -------------------			
Financial liabilities				
Trade and other payables	268,842,017	268,842,017	268,842,017	-

25.7 MARKET RISK

Market risk means that fair value of 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 rate risk and price risk. The market risk associated with the company's business activities are discussed as under:

Foreign Exchange Risk Management

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. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The Company's interest rate risk arises from short term cash finance facility. The company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available.

Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 55.169 Million (2020: Rs. 33.862 Million) at the reporting date. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The table below summarises the Company's equity price risk as of 30 june 2021 and shows the effect of a hypothethical 10% increase and a 10% decrease in market prices as at the year end.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity
	Rupees	Rupees	Rupees	Rupees
June 30, 2021	55,169,418	10% increase	60,686,360	3,917,029
		10% decrease	49,652,476	(3,917,029)
June 30, 2020	33,862,177	10% increase	37,248,395	2,404,215
		10% decrease	30,475,959	(2,404,215)

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Company.

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities. Therefore, a change in interest rate will not affect fair value of any financial instrument.

26. CAPITAL RISK MANAGEMENT

26.1 The Company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders and to maintain strong capital base to support the development of its business.

The company does not obtained any financing facility and working with 100% equity financing, therefore no gearing is identified.

	2021	2020
	-----Rupees-----	
26.2 The Capital adequacy level as required by CDC is calculated as follows:		
Total Assets	652,576,321	694,738,524
Less: Total Liabilities	(196,109,654)	(269,417,903)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	456,466,667	425,320,621

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate held by Abbasi & Company (Private) Limited as at June 30, 2021 as determined by Pakistan Stock Exchange has been considered.

26.3 NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

DESCRIPTION	VALUATION	NOTE	2021 RUPEES
CURRENT ASSETS			
Cash and bank balances	As per book value		325,944,546
Trade receivables	Book value less overdue for more than 14 days		3,881,548
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount		46,894,005
			376,720,099
CURRENT LIABILITIES			
Trade payables	Book value less overdue for more than 30 days		192,834,126
Other liabilities	As per book value		3,213,347
			196,047,473
Net capital balance as at June 30, 2021			180,672,626

26.4 Notes to the net capital balance of Company

(i) **Cash and bank balances**

Cash in hand	1,192,920
Exposure margin deposited to NCCPL	50,500,000
Bank balance pertaining to clients	193,308,639
Bank balance pertaining to brokerage house	80,942,987
	325,944,546

(ii) **Trade receivables**

Gross value	4,018,688
Less: Overdue for more than 14 days - book value	(137,140)
	3,881,548

(iii) **Investment in listed securities in the name of broker**

Securities marked to market	55,169,418
Less: 15% discount	(8,275,413)
	46,894,005

(iv) **Trade payables**

Book value	193,308,639
Less: overdue for more than 30 days	(474,513)
	192,834,126

(v) **Other liabilities**

Creditors overdue for more than 30 days	474,513
PST payable	1,660,939
Accrued liabilities and other payables	1,077,895
	3,213,347

26.5 LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	218,030,745	100.00%	-
1.2	Intangible Assets	1,169,470	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			-
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		15.00%	-
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.	55,169,418	8,643,420	46,525,998
	ii. If unlisted, 100% of carrying value.	19,669,681	100.00%	-
1.6	Investment in subsidiaries		100.00%	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.		-	-
	ii. If unlisted, 100% of net value.		100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	4,050,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	59,376,578	-	59,376,578
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	-
1.11	Other deposits and prepayments	978,279	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)		-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		100.00%	-
1.13	Dividends receivables.		-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.***)		-	-
1.15	Receivables other than trade receivables	13,129,086	100.00%	-
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.	284,429	0.00%	284,429
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. Lower of net balance sheet value or value determined through adjustments.*			-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. *ii. Net amount after deducting haircut*		5.00%	-
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, *iii. Net amount after deducting haricut*		-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. *iv. Balance sheet value*	1,894,998	0.00%	1,894,998
	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. *v. Lower of net balance sheet value or value determined through adjustments*	625,373	278,790,843	625,373
	vi. 100% haircut in the case of amount receivable form related parties.		100.00%	-
1.18	Cash and Bank balances			
	I. Bank Balance-proprietory accounts	80,942,987	-	80,942,987
	ii. Bank balance-customer accounts	193,308,639	-	193,308,639
	iii. Cash in hand	1,192,920	-	1,192,920
1.19	Total Assets	**649,822,603**		**384,151,922**
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products		-	-
	iii. Payable to customers	193,308,639	-	193,308,639
	Current Liabilities			
	i. Statutory and regulatory dues	1,723,120	-	1,723,120
	ii. Accruals and other payables	1,077,895	-	1,077,895
	iii. Short-term borrowings		-	-

2.2	iv. Current portion of subordinated loans		-	-
	v. Current portion of long term liabilities		-	-
	vi. Deferred Liabilities	1,070,170	-	1,070,170
	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	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans** 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	**Total Liabilites**	197,179,824		197,179,824
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 securites 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 issuse : if the market value of securites 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 issuse 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	-	-	-
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 cuurency 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 securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites 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	989,688	-	989,688
3.9	**Opening Positions in futures and options** i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong 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 selll 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 proprietory 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 Liabilites**	989,688	-	989,688
		451,653,091	Liquid Capital	185,982,410

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)			384,151,922
(ii) Less: Adjusted value of liabilities (serial number 2.5)			(197,179,824)
(iii) Less: Total ranking liabilities (series number 3.11)			(989,688)
			185,982,410

Basis of Measurement

The statement has been prepared under histroical cost convesntion except investment in listed securities which are measured on fair value. Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

27. NUMBER OF EMPLOYEES

Number of employees at year end	53	51
Average number of employees during the year	52	51

28. PROVIDENT FUND TRUST

The Company has maintained an employees' provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2021:

		2021	2020
		RUPEES	RUPEES
Size of fund		22,087,961	18,491,577
Cost of investments made	27.1	-	748,000
Percentage of investments made		0.00%	6.04%
Fair value of investments		-	-

28.1 These represent investments in shares of listed equity securities and funds.

28.2 Balance in scheduled banks

Saving account	22,087,961	17,743,577

29. DETAIL OF SECURITIES AS PER BACK OFFICE RECORD AND CDC RECORD

As per Back Office Record	Own Account	Client Account	As per CDC Record	Own Account	Client Account
	No. of Shares			No. Of Shares	
Securities held	645,438	318,867,567	Securities available	469,438	181,064,853
			Securities pledged with PSX.	176,000	30,000
			Securities pledged with banks	-	68,633,034
			Securities freeze with CDC	-	69,093,088
			Reconciling Entries:		
			1-Physical securities.	-	-
			2-Transfer sec. for CDC.	-	26,660
			3-Pending out securities	-	19,932
Total	645,438	318,867,567	Total	645,438	318,867,567

30. DETAIL OF SECURITIES PLEDGED

	No. of Shares	Amount
-House account	176,000	
-Client account	68,663,034	1,085,392,972
	68,839,034	1,085,392,972

31. PATTERN OF SHARE HOLDING

CATEGORIES OF SHAREHOLDERS			
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	SHAREHOLDERS	SHARES HELD	PERCENTAGE
NAME:-			
1 - Syed Muhammad Ismail Abbasi		4,886,790	69.70%
2 - Syed Awais Ali Abbasi		3,505	0.05%
3 - Syed Farooq Ali Abbasi		641,638	9.15%
4 - Mrs. Yasmeen Ismail		904,419	12.90%
5 - Syed Muhammad Umar Abbasi		574,648	8.20%
Associated companies, undertakings and related	NIL	NIL	NIL
Executives	NIL	NIL	NIL
Public sector companies and corporations	NIL	NIL	NIL
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	NIL	NIL	NIL
Others	NIL	NIL	NIL
TOTAL	5	7,011,000	100.00%

SHAREHOLDERS HOLDING 5% OR MORE.

NAME	SHARES HELD	PERCENTAGE
Syed Muhammad Ismail Abbasi	4,886,790	69.70%
Syed Farooq Ali Abbasi	641,638	9.15%
Mrs. Yasmeen Ismail	904,419	12.90%
Syed Muhammad Umar Abbasi	574,648	8.20%

32. IMPACT OF COVID - 19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Due to the disruption in operating activities of the Company caused by the pandemic, the management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible assets under IAS 36, 'Impairment of non financial assets'; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

33. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 01 October 2021 by the Board of Directors of the Company.

34. CORRESPONDING FIGURES

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Rearrangements have been made in these financial statements for better presentation of the financial statements.

35. GENERAL

Figures have been rounded off to the nearest rupee.

Muhammad Ismail

CHIEF EXECUTIVE

DIRECTOR

DIRECTORS' REPORT

The Directors of the Company take pleasure in presenting directors' report together with the company's audited annual financial statement for the year ended June30, 2021.

PRINCIPAL ACTIVITIES OF THE COMPANY

Abbasi & Company (Pvt.) Ltd. "ACPL" is incorporated as (Private) Limited Company. We are TREC Holder of Pakistan Stock Exchange Limited and Universal Member of Pakistan Mercantile Exchange Limited and **Company** engaged in the business of Brokerage. There has been no change in the nature of business of company during the financial year ended on June 30, 2021.

FINANCIAL PERFROMANCE

Financial Highlights	2021 Rs. In '000	2020 Rs. In '000
Revenue	81,026	51,508
Other Income	32,655	7,657
Total Revenue	**113,681**	**59,165**
Operating Expenditures	(80,079)	(66,622)
Finance Cost	(34)	(52)
Profit Before Taxation	**33,568**	**(7,509)**
Taxation	(2,487)	(1,212)
Profit After Taxation	**31,081**	**(8,721)**
Earning Per Share (EPS)	**4.43**	**(1.24)**

During the financial year ending, June 30, 2021, Abbasi & Company (Private) Limited (ACPL) earned total revenue of Rs.113.681 million, which include realized and un realized capital gain from listed securities of Pakistan Stock Exchange Limited (PSX), as compared to Rs.59.165 million last year's comparative period, i.e., an increase of Rs.54.516 million or 92.14%. The revenue was mainly generated from shares trading in listed companies of PSX, return from house deposits into the bank and exposure deposit to the PSX. The administrative expenses and finance cost were Rs.80.113 million, i.e., and increase by Rs.13.439 million or 20.16% last year comparative period. The Company earned a profit before taxation of Rs. 33.568 million for the period under review, which is increased by Rs.41.077 million or 547.04%, as compared to comparative period of the last year. Furthermore, profit after tax is also increased by Rs.39.802 million or 456.39% from last year.

Earning Per Share (Basic & Diluted) for the period ended June 30, 2021 was recorded as Rs.4.43 per share against Rs.(1.24) loss per share of last year's comparative period, which is increased by Rs.5.67 or 457.26%.

DIVIDEND

In view of the company's profitable results, the director has not recommended declaring any dividends to strengthen the financial position.

CHANGE IN SHARES CAPITAL

The Company has not issued any Equity Shares during the year under review.

EXTERNAL AUDITOR

M/S Parker Russell-A.J.S., Chartered Accountants, is the retiring Auditors of the Company and being eligible have offered them self for appointment as Auditors for the year ending June 30, 2022.

INTERNAL CONTROL

The Board of the Company is responsible for the establishment and maintenance of the Company's system of internal control in order to identify and manage risks faced by the Company.

The Company has outsourced its Internal Audit functions to M/S Fazal Mahmood & Company, Chartered Accountants.

The Board is confident that the system of internal control is sound in design and has been effectively implemented and monitored.

CREDIT RATING

The Pakistan Credit Rating Agency Limited (PACRA) has released the initial rating of BFR2 and outlook on the assigned rating is **'Stable'** on date of June 25, 2021 with reference to the mandate assigned to PACRA for Initial Broker Fiduciary Rating of Abbasi & Company (Pvt.) Ltd. (ACPL).

CORPORATE SOCIAL RESPONSIBILITY(CSR)

As part of CSR activities, the Company allocated an aggregate amount of Rs.3,860,373/- during the financial year 2020-2021 to Saylani Welfare Trust to support the noble cause for humanity.

BUSINESS SUSTAINABILITY UNDER COVID 19 SCENARIO

By the grace of Almighty' Allah, the Company's business operations, were not impacted, during the current Pandemic and is expected to, sustainably remain on growth track.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has prepared a "Code of Ethics" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. Furthermore, the Company is compliant with the requirement as mentioned in the Corporate of Governance Code.

FUTURE OUTLOOK

Considering the impact of the Covid-19 crisis, the management has taken necessary measures to ensure growth in terms of clientage and development. And management is confident for enhancement of shareholders value by vigilantly managing its strategic investment in these challenging times.
The management has initiated the process of obtaining license as Consultant to the Issue and intends to assist companies to raise fund through public offerings.

ACKNOWLEDGMENT

The Board would like to thank all of the employees of the Company for their support and loyalty. We also acknowledge that such support is required to not only meet normal challenges but also those posed by security issues and tough economic conditions. The confidence and goodwill of the employees has allowed the Company to sustain and grow over the year.

We Continue to pray to **ALLAH** for the success of our Company and for the benefit of all employees, and the country in general. (Ameen)

For and on behalf of the Board of Directors
Abbasi & Company (Private) Limited

Muhammad Ismail

Syed Muhammad Ismail Abbasi
Chief Executive Officer
Lahore.
October 01st. 2021