

MANNOO CAPITAL (PRIVATE) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

JUNE 30, 2021

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MANNOO CAPITAL (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Mannoo Capital (Private) Limited** (the Company), 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and 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 (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon.

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

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

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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 scepticism throughout the audit. We also:

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

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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.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

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Chartered Accountants

Dated : **05 OCT 2021**
Karachi :

MANNOO CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

ASSETS	Note	2021 Rupees	2020 Rupees
Non-current assets			
Property and equipment	4	63,308	81,747
Intangible assets	5	2,500,332	2,500,475
Long term deposits	6	500,000	500,000
		3,063,640	3,082,222
Current assets			
Deposits and other receivables	7	14,500,000	14,500,000
Short term investments	8	48,065,547	8,953,740
Advance tax - net		2,525,624	2,642,453
Cash and bank balances	9	27,948,187	63,965,472
		93,039,358	90,061,665
Total assets		96,102,998	93,143,887
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
20,000,000 ordinary shares of Rs.10/- each		200,000,000	200,000,000
Issued, subscribed and paid up capital	10	94,013,000	94,013,000
Unappropriated profit/(loss)		1,964,519	(1,003,210)
		95,977,519	93,009,790
Current liabilities			
Accrued and other payables	11	125,479	134,097
Total equity and liabilities		96,102,998	93,143,887
Contingencies and commitments	12		

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


Chief Executive


Director

MANNOO CAPITAL (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Operating revenue	13	3,453,327	3,042,946
Capital gain on sale of investments-net		5,696,609	15,478,975
(Loss)/Gain on remeasurement of investments- at fair value through profit or loss		<u>(765,427)</u>	<u>219,448</u>
		8,384,510	18,741,369
Operating and administrative expenses	14	<u>(7,427,481)</u>	<u>(5,165,949)</u>
Operating profit		957,028	13,575,420
Finance cost	15	(2,500)	(2,825)
Other income	16	2,624,650	4,813,716
Profit before taxation		<u>3,579,179</u>	<u>18,386,311</u>
Taxation	17	(611,450)	(551,077)
Profit after taxation		<u><u>2,967,729</u></u>	<u><u>17,835,234</u></u>
Earning per share - basic and diluted	18	<u><u>0.32</u></u>	<u><u>1.90</u></u>

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

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Chief Executive



Director

MANNOO CAPITAL (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit for the year	2,967,729	17,835,234
Items that may be classified to profit and loss account		
Unrealised (loss) on re-measurement of 'available for sale' investments		(11,381,511)
Total comprehensive income for the year	<u>2,967,729</u>	<u>6,453,723</u>

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

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Chief Executive


Director

MANNOO CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up capital	Unappropriated profit	Re- measurement of 'available for sale' investments	Total
-----Rupees-----				
Balance as on June 30, 2019	94,013,000	(18,838,444)	11,381,511	86,556,067
Total comprehensive income for the year ended June 30, 2020		17,835,234	(11,381,511)	6,453,723
Balance as on June 30, 2020	94,013,000	(1,003,210)	-	93,009,790
Total comprehensive income for the year ended June 30, 2021		2,967,729	-	2,967,729
Balance as on June 30, 2021	94,013,000	1,964,519	-	95,977,519

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

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Chief Executive


Director

MANNOO CAPITAL (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,579,179	18,386,311
Adjustments for :		
Depreciation	18,439	25,376
Amortization of software	142	203
(Gain)/Loss on investment	(4,931,182)	(15,698,423)
Finance cost	2,500	2,825
	(4,910,101)	(15,670,018)
Operating profit before Working Capital Changes	(1,330,922)	2,716,292
Working capital changes		
Decrease / (Increase) in current assets		
Deposits and other receivables	-	(14,500,000)
Decrease in current liabilities		
Accrued and other payables	(8,618)	(23,751)
Net cash generated from / (used) in operations	(1,339,540)	(11,807,458)
Finance cost paid	(2,500)	(2,825)
Tax paid	(494,620)	(652,579)
Net cash generated from / (used) in operating activities	(1,836,660)	(12,462,862)
CASH FLOW FROM INVESTING ACTIVITIES		
Short term investments sold/made - net	(34,180,625)	45,062,730
Net cash (used) in / generated from investing activities	(34,180,625)	45,062,730
Net (decrease) / increase in cash and cash equivalents during the year	(36,017,285)	32,599,867
Cash and cash equivalents at the beginning	63,965,472	31,365,605
Cash and cash equivalents at the end of the year	27,948,187	63,965,472

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

Shameer Akram
Chief Executive

Abbas
Director

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MANNOO CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 STATUS AND NATURE OF BUSINESS

Mannoo Capital (Private) Limited (the Company) was incorporated in Karachi as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) on October 17, 2005. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited and is engaged in the business of Stock brokerage and investment. The address of registered office is Suite # 87, 2nd Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of or directives issued under the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

The financial statements have been prepared using an accrual basis of accounting except for cash flow statement which is prepared using cash basis.

2.3 Accounting convention

These financial statements have been prepared on historic cost convention, except stated otherwise.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

2.5 Significant accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the following:

- (a) determination of the residual values and useful lives of property and equipments and intangible assets (note 3.1 & 3.2)
- (b) classification of investments (note 3.3)
- (c) current tax and deferred tax (note 3.7)

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2.6 Standards and amendments to published approved accounting and reporting standards that are not yet effective:

Changes in accounting standards, interpretations and pronouncements

Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

Standard and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any;

Depreciation is charged on WDV of assets capitalized during the year considering the date of purchase and on disposals upto the month immediately preceding the disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;

Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;

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

3.2 Intangible assets

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

3.3 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

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

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and measurement at the time of purchase.

The Company classifies its investments in the following categories.

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Financial assets' at fair value through profit or loss-held for trading.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss-held for trading'. Subsequent to initial recognition, these investments are marked-to-market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held to maturity investment

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale'. Subsequent to initial measurement, available-for-sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed of or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued, Fair value of Term Finance Certificates, units of open end Mutual Funds and Government Securities are determined on the basis of rates notified by Mutual Fund Association of Pakistan for Term Finance Certificates, relevant redemption prices for the open-end Mutual Fund and quotations obtained from the PKRV sheets for Government Securities respectively. Unquoted securities are valued at cost.

3.4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized on the following basis:

- Brokerage income is recognized as and when such services are provided.
- Interest income is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized capital Gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.

3.5 Trade debts

These are stated at net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid investment that are convertible to known amounts of cash and are subject to insignificant risk of change in value, and short-term running finance under mark-up arrangements.

3.7 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. The company does not provide for deferred taxation as the timing differences are not likely to reverse in the foreseeable future.

3.8 Impairment of non-financial assets

Assets that are subject to depreciation /amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. As impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original costs of the asset.

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4 PROPERTY AND EQUIPMENT

Particulars	Cost at July 1, 2020	Addition / Transfer	Cost at June 30, 2021	Accumulated depreciation at July 1, 2020	Depreciation for the year	Accumulated depreciation as at June 30, 2021	Book value at June 30, 2021	Rate of depreciation (%)
Furniture and fixtures	65,900		65,900	43,858	2,204	46,062	19,838	10%
Office equipments	11,500		11,500	3,117	838	3,955	7,545	10%
Computer and accessories	473,168		473,168	421,846	15,397	437,243	35,925	30%
June 30, 2021	<u>550,568</u>	-	<u>550,568</u>	<u>468,821</u>	<u>18,439</u>	<u>487,260</u>	<u>63,308</u>	
June 30, 2020	550,568	-	550,568	443,445	25,376	468,821	81,747	

	Note	2021 Rupees	2020 Rupees
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate (TREC)	5.1	2,500,000	2,500,000
Computer software	5.2	332	475
		<u>2,500,332</u>	<u>2,500,475</u>

5.1 MOVEMENT IN TRADING RIGHT ENTILEMENT CERTIFICATE

	Note	2021 Rupees	2020 Rupees
Opening carrying value	5.1.1	2,500,000	2,500,000
Impairment in the value of TREC		-	-
		<u>2,500,000</u>	<u>2,500,000</u>

5.1.1 Under the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company has received a Trading Right entitlement Certificate (TREC) in lieu of its membership cards of Karachi Stock Exchange.

During the year 2017 PSX directed all TRE holders through its letter dated November 10, 2017 to revise the value of its TREC to 2.5 million for the purpose of Base Minimum Capital requirement.

5.2 Computer software

Particulars	Cost at July 1, 2020	Addition / Transfer	Cost at June 30, 2021	Accumulated Amortization at July 1, 2020	Amortization for the year	Accumulated Amortization as at June 30, 2021	Book value at June 30, 2021	Rate of Amortization (%)
Software	34,300	-	34,300	33,825	142	33,968	332	30
June 30, 2021	<u>34,300</u>	-	<u>34,300</u>	<u>33,825</u>	<u>142</u>	<u>33,968</u>	<u>332</u>	
June 30, 2020	34,300	-	34,300	33,622	203	33,825	475	

	2021 Rupees	2020 Rupees
6 LONG TERM DEPOSITS		
National Clearing Company of Pakistan Limited	200,000	200,000
Pakistan Stock Exchange Limited	200,000	200,000
Central Depository Company of Pakistan Limited	100,000	100,000
	<u>500,000</u>	<u>500,000</u>

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		2021 Rupees	2020 Rupees
7 DEPOSITS AND OTHER RECEIVABLES			
Deposit against Base Minimum Capital	7.1	<u>14,500,000</u>	<u>14,500,000</u>
		<u>14,500,000</u>	<u>14,500,000</u>
7.1 This represents deposit with Pakistan Stock Exchange Limited against the Base Minimum Capital requirement.			
8 SHORT TERM INVESTMENTS - at fair value through profit or loss 'Held for trading'			
Quoted equity securities		<u>48,065,547</u>	<u>8,953,740</u>
9 CASH AND BANK BALANCES			
Cash in hand		50,852	125,000
Cash at banks			
- in current accounts		389,293	606,241
- in deposit accounts	9.1	<u>27,508,042</u>	<u>63,234,231</u>
		<u>27,897,335</u>	<u>63,840,472</u>
		<u>27,948,187</u>	<u>63,965,472</u>

9.1 The markup received on deposit accounts is in the range between 5% to 8%.

10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<u>Number of shares</u>			
2020	2019	2021 Rupees	2020 Rupees
401,300	401,300		
		4,013,000	4,013,000
9,000,000	9,000,000		
		90,000,000	90,000,000
<u>9,401,300</u>	<u>9,401,300</u>	<u>94,013,000</u>	<u>94,013,000</u>

11 Accrued and other payables

Accrued expenses	100,000	122,504
Sindh sales tax Payable	25,479	11,593
	<u>125,479</u>	<u>134,097</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on the balance sheet date (2020: Nil)

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	Note	2021 Rupees	2020 Rupees
13 Operating Revenue			
Commission income		2,779,529	1,253,947
Dividend income		673,799	1,788,999
		<u>3,453,327</u>	<u>3,042,946</u>
14 OPERATING AND ADMINISTRATIVE EXPENSES			
Directors' remuneration		3,448,000	2,388,000
Staff salaries		2,211,850	1,497,600
PSX charges		159,168	90,641
NCCPL / NCSS charges		87,148	-
CDC charges		27,378	102,804
SECP charges		76,143	64,776
Electricity		84,095	70,451
Telephone and mobile		130,608	126,484
Service charges		300,054	288,854
Auditors' remuneration	14.1	100,000	100,000
Software maintenance		216,960	227,260
Professional tax		142,625	-
Legal and professional		227,656	-
Miscellaneous expenses		29,715	38,500
Parking fee		37,500	-
Amortization of software		142	203
Donation		50,000	120,000
Depreciation		18,439	25,376
Stock broker association		80,000	25,000
		<u>7,427,481</u>	<u>5,165,949</u>
14.1 Auditor Remuneration			
Audit fee		50,000	50,000
Other certifications		50,000	50,000
		<u>100,000</u>	<u>100,000</u>
15 FINANCE COST			
Bank charges		<u>2,500</u>	<u>2,825</u>
16 Other Income			
Profit on cash margin		130,198	539,019
Bank profit		1,627,254	3,579,029
Interest income on BMC deposit		867,198	695,668
		<u>2,624,650</u>	<u>4,813,716</u>
17 TAXATION			
Current		<u>611,450</u>	<u>551,077</u>
		<u>611,450</u>	<u>551,077</u>

17.1 The numerical reconciliation between the tax expense and accounting profit has not been presented as the total income of the company attracted presumptive tax and minimum tax under Section 113 of the income tax ordinance, 2001.

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18 EARNING PER SHARE - Basic and diluted

Profit after taxation	<u>2,967,729</u>	<u>17,835,234</u>
Weighted average number of ordinary shares (No. of shares)	<u>9,401,300</u>	<u>9,401,300</u>
Earning per share	<u>0.32</u>	<u>1.90</u>

19 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

	Chief Executive		Director	
	2021	2020	2021	2020
Managerial remuneration	2,248,000	1,788,000	1,200,000	600,000
	<u>2,248,000</u>	<u>1,788,000</u>	<u>1,200,000</u>	<u>600,000</u>
No. of person	1	1	1	1

20 FINANCIAL RISK MANAGEMENT

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

20.1 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Karachi Stock Exchange.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all the transactions of the Company are denominated in Pak Rupees.

20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the company's interest bearing financial instruments was as follows:

Bank balances in profit and loss sharing accounts	9	<u>27,508,042</u>	<u>63,234,231</u>
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20.1.3 Price risk

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

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its issuer, or factors affecting all similar financial instruments traded in the market. The Company was exposed to listed and quoted securities price risk because of investments held by the Company and classified on the balance sheet as at fair value through profit or loss. To manage its price risk arising from investments the Company mainly invests in mutual funds and listed shares and maintains diversified portfolio.

20.2 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from trade debts, investments and deposits with banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. To manage exposure to credit risk on its investments, the Company manages a portfolio of investments which consists of securities issued by the Government and reputable entities. To secure against the risk of default from debtors, the Company obtains collateral from its customers. The maximum exposure to credit risk is equal to the carrying amounts of financial assets less the amount of collaterals held.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2021 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	Note	2021 Rupees	2020 Rupees
Long term deposits	6	500,000	500,000
Deposits and other receivables	7	14,500,000	14,500,000
Short term investments	8	48,065,547	8,953,740
Bank balances	9	27,897,335	63,840,472

20.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company's liquidity management involves projecting cash flows and maintaining level of liquid assets necessary to meet these risks.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Note	June 30, 2021				June 30, 2020				
	Total	Upto Three Months	More Than	More Than	Total	Upto Three Months	More Than	More Than	
	-----Rupees-----								
Accrued and other payables	12	125,479	125,479	-	-	134,097	134,097	-	-
Total		125,479	125,479	-	-	134,097	134,097	-	-

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20.4 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions: In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

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

21 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions in case of money market brokerage. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

22 CAPITAL MANAGEMENT

- 22.1 The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Capital adequacy level as required by CDC is calculated as follows:

	2021 Rupees	2020 Rupees
Total assets	96,102,998	93,143,887
Total liabilities	(125,479)	(134,097)
Capital adequacy level	<u>95,977,519</u>	<u>93,009,790</u>

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate as at year ended as determined by Pakistan Stock Limited has been considered.

22.2 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

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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 BASIS	VALUE
		-----2021-----
		(Amount in Rupees)
<u>CURRENT ASSETS</u>		
Cash in hand	As per book value	50,852
Cash at bank:		
- Pertaining to brokerage house	As per book value	27,888,206
- Pertaining to clients	As per book value	9,129
- Deposit against exposure and losses with Pakistan Stock Exchange		-
Total bank balances		27,948,187
Trade Receivable		
	Book Value	-
	Less: overdue for more than 14 days	-
Investment in Listed Securities in the name of broker		
	Market value	48,065,547
	Less: 15% discount	<u>(7,209,832)</u>
		40,855,715
Securities purchased for client	Securities purchased for the client and held by the member where the	-
Listed Term Finance Certificates/Corporate Bonds (Not less than BBB grade)	Market value	-
	Less: 10% discount	-
Federal Investment Bonds	Market value	-
	Less: 5% discount	-
Treasury bills	Market value	-
		68,803,902
<u>CURRENT LIABILITIES</u>		
Trade Payable	Book value	-
	Less: Overdue for more than 30 days	-
Other liabilities	As classified under the generally accepted accounting principles.	125,479
Trade payables overdue by 30 days		-
		125,479
NET CAPITAL AS AT JUNE 30, 2021		68,678,423

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LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	63,308	100.00%	-
1.2	Intangible Assets	2,500,332	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	48,065,547	8,487,173.49	39,578,374
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.5	iii. Subscription money against investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	17,025,624	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. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	ii. Receivables other than trade receivables	-	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.	-	100.00%	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (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. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,	-	-	-
1.17	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	-	-	-
	iv. Balance sheet value			
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	-	-	-
	v. Lower of net balance sheet value or value determined through adjustments			
	vi. 100% haircut in the case of amount receivable from related parties.	-	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	27,888,206	-	27,888,206
	ii. Bank balance-customer accounts	9,129	-	9,129
	iii. Cash in hand	50,852	-	50,852
1.19	Total Assets	96,102,998		67,526,560

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2. Liabilities

Trade Payables				
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	-	-	-
Current Liabilities				
2.2	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	125,479	-	125,479
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
Non-Current Liabilities				
2.3	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital. iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange. ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
	2.5 Total Liabilities	125,479	-	125,479
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.	-	-	-
	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments (a) in the case of right issue : If the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
	3.4 Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
	3.8 Concentrated proprietary positions If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-

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Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-
Short sell positions			
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-
3.11	Total Ranking Liabilities	-	-
		<u>95,977,519</u>	<u>Liquid Capital</u>
			<u>67,401,081</u>

23 OPERATING SEGMENT

These unconsolidated financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy

All non current assets of the Company as at June 30, 2021 are located in Pakistan.

24 NO. OF EMPLOYEES

No of employees as at year end
Average number of employees during the year

2021 Number	2020 Number
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<u>3</u>	<u>3</u>
<u>3</u>	<u>3</u>

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on
05-10-2021

26 GENERAL

Figures have been rounded off to the nearest rupee.

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Chief Executive


Director