

**Zillion Capital Securities (Private)
Limited
Financial Statements
For the year ended
June 30, 2022**



ZILLION CAPITAL SECURITIES (PVT) LTD.

TREC HOLDER : PAKISTAN STOCK EXCHANGE LIMITED.

TREC Number: 047, Registration Number: BRP: 282

Registered Office: Office No. # 727-729, 7th Floor, Stock Exchange Building,
Stock Exchange Road, Karachi-74000, Pakistan.

Tel: (021) 32472330, 32472406, 32472268, 32472103 | Fax: (021) 32429073

Email: info@zcs.com.pk - customersupport@zcs.com.pk

Website: www.zcs.com.pk | Facebook: facebook.com/zcspak | Twitter: twitter.com/zcspak

DIRECTOR'S REPORT

On behalf of the Board of Directors I am pleased to present the Annual report together with the company's Audited Financial Statement and Auditors Report for the Financial year ended 30th June 2022. The Summarized results for the year ended 30th June 2022 are as under:

Financial results	2022
Operating Revenue	4,477,677
Loss before Taxation	(50,242,412)
Taxation	(474,947)
Loss after Tax	(50,717,359)

AUDITORS:

The auditors M/S UHY Hassan Naeem & co retire at the conclusion of the meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Directors appreciate assistance and co-operation extended by customers and employees of the company.

For and on behalf of the Board

Chief Executive



Director

Date: 11 OCT 2022

Karachi

INDEPENDENT AUDITOR'S REPORT

To the members of ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED** ("the Company"), which comprise the statement of financial position as at **June 30, 2022** and the statement of profit or loss, the statement of changes in equity, and the statement of cash flow 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 changes in equity and statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss for the year then ended, the changes in equity and its cash flows for the period 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 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.

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 requirement 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 operation, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 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 period were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the company was in compliance with the requirement of section 78 of the Securities Act 2015, 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 on the audit resulting in this independent auditor's report is **Imran Iqbal**.

UHY Hassan Naeem & Co.

KARACHI

DATE: October 14, 2022

UDIN: AR202210215HfAK6VaB4

ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	4,376,403	3,418,006
Intangible assets	5	2,750,000	2,750,000
Investment at fair value through OCI	6	11,060,615	24,121,438
Long term deposits	7	7,350,000	7,350,000
		25,537,018	37,639,444
<u>CURRENT ASSETS</u>			
Trade debts	8	21,924,821	61,144,176
Investment at fair value through profit & loss	9	27,429,704	119,215,535
Advances, deposits, prepayments and other receivables	10	12,950,076	17,622,957
Cash and bank balances	11	9,015,509	7,018,465
		71,320,110	205,001,133
		<u>96,857,128</u>	<u>242,640,577</u>
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital	12.1	150,000,000	150,000,000
Issued, subscribed and paid-up capital	12.2	101,500,000	101,500,000
Unappropriated profit		(37,501,257)	13,216,099
Surplus/(Deficit) - Investment through OCI		2,332,903	15,393,727
Capital contribution from director		1,471,534	-
		67,803,180	130,109,826
<u>LIABILITIES</u>			
<u>NON-CURRENT LIABILITIES</u>			
Long term loan	13	6,028,466	7,500,000
<u>CURRENT LIABILITIES</u>			
Trade and other payable	14	13,420,531	42,614,184
Short term running finance	15	9,604,951	62,416,567
		23,025,482	105,030,751
Contingencies and commitments	16	-	-
		<u>96,857,128</u>	<u>242,640,577</u>

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



ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Revenue from contract with customers	17	4,477,677	7,654,300
Operating and administrative expenses	18	(12,664,145)	(12,119,004)
Operating (Loss)		<u>(8,186,468)</u>	<u>(4,464,704)</u>
Loss Allowance		-	(10,000,000)
Finance cost	19	(3,212,891)	(4,856,156)
Other income	20	<u>(38,843,053)</u>	<u>57,987,636</u>
NET PROFIT/(LOSS) BEFORE TAXATION		(50,242,412)	38,666,776
Taxation	21	(474,947)	(309,013)
NET PROFIT/ (LOSS) AFTER TAXATION		<u>(50,717,359)</u>	<u>38,357,763</u>
(loss) per share-basic and diluted		<u>(49.97)</u>	<u>37.79</u>

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



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

	2022 <i>(Rupees)</i>	2021 <i>(Rupees)</i>
Profit/(loss) for the year	(50,717,359)	38,357,763
Other comprehensive income:		
Unrealised loss on revaluation of investments at fair value through other comprehensive income	(13,060,824)	13,417,617
TOTAL COMPREHENSIVE INCOME/LOSS	<u><u>(63,778,183)</u></u>	<u><u>51,775,380</u></u>

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



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

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Surplus/ (Deficit) - Investment- (FVTOCI)	Capital contribution from director	Total
<i>Rupees</i>					
Balance as at June 30, 2020	101,500,000	(25,141,664)	1,976,110	-	78,334,446
Net profit for the year	-	38,357,763	-	-	38,357,763
surplus/(Deficit) on Investment at fair value through OCI	-	-	13,417,617	-	13,417,617
Balance as at June 30, 2021	101,500,000	13,216,099	15,393,727	-	130,109,826
Net (loss) for the year	-	(50,717,357)	-	-	(50,717,357)
surplus/(Deficit) on Investment at fair value through OCI	-	-	(13,060,823)	-	(13,060,823)
Effect of discounting of long term loan from directors	-	-	-	1,471,534	1,471,534
Balance as at June 30, 2022	101,500,000	(37,501,258)	2,332,904	1,471,534	67,803,180

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



Chief Executive




Director

ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		(50,242,412)	38,666,776
Adjustment for non-cash items:			
Depreciation		943,328	821,581
Capital Gain/(loss)-Investment at FVTPL		41,351,930	(55,205,573)
Dividend income		(1,730,584)	(1,291,603)
Gain on disposal		(553,555)	(1,074,271)
Finance cost		3,212,891	5,153,204
Provision for bad debts		-	10,000,000
Operating profit before working capital changes		43,224,010	(41,596,662)
Changes in working capital			
(Increase)/decrease in trade debts		39,219,355	(32,818,546)
Decrease in advances, deposits and prepayments		4,632,949	(4,558,428)
Increase/(Decrease) in trade and other payable		(29,193,653)	26,027,305
Net changes in working capital		14,658,651	(11,349,669)
Finance cost paid		(3,212,891)	(5,153,204)
Taxes paid		(435,014)	(226,198)
Net cash generated from operating activities		3,992,344	(19,658,957)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(2,863,169)	(3,295,559)
Long term deposit		-	100,000
Diposal of property and equipment		1,515,000	2,000,000
Proceeds from sale of Investment		50,433,901	(16,314,936)
Dividend received		1,730,584	1,291,603
Net cash generated from investing activities		50,816,316	(16,218,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term running finance		(52,811,616)	34,126,381
Net cash generated from financing activities		(52,811,616)	34,126,381
Net increase in cash and cash equivalent		1,997,044	(1,751,468)
Cash and cash equivalent at beginning of the year		7,018,465	8,769,933
Cash and cash equivalent at end of the year		9,015,509	7,018,465

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







ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 Legal Status and Nature of Business

Zillion Capital Securities (Private) limited was incorporated under the repealed Companies Ordinance, 1984 on June 07, 2001 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no 727-729, 7th floor, Pakistan Stock Exchange Building, I.I chundigarh Road Karachi, Pakistan. The principal activities of the Company are to carry on the business of share brokerage, under writing of public issues, investment and portfolio management.

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, 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 (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except Investments that are carried at fair value.

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about 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 if the revision affects only that period, or in the period of the revision and future periods in the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements that are in respect of the following:

- Property and equipment (note 4)
- Taxation (note 19)

2.5 New Accounting pronouncements

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Description effective for periods		Effective for periods beginning on or after
IAS 1	Amendments to 'IAS 1 and IFRS Practice Statement 2' Disclosure of Accounting Policies Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 01, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2023
IAS 12	Income Taxes (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IFRS 3	Business Combinations (Amendments)	
IAS 41, IFRS (1, 9 and 16)	Annual improvements to IFRS Standards 2018 - 2020 (Amendments)	January 01, 2022

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2022:

- IFRS 1 (First Time Adoption of International Financial Reporting Standards)
- IFRS 17 (Insurance Contracts)
- IFRIC 12 (Service concession arrangements)

3 Summary of Significant Accounting Policies

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

3.1 Taxation

Income tax expense comprises of current, deferred and prior year tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

Current

Provision for current tax is based on taxable income at the enacted or substantially enacted rates of taxation after taking in to account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments/ developments made during the year, if any.

Deferred Tax

Deferred tax is recognized using balance sheet method, in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purpose. The amount of deferred tax provided is based on the expected manner of realization or settlement or the carrying amount of assets and liabilities, using the enacted or substantively enacted rates or taxation.

The company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Straight Line method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

3.3 Intangible Assets

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

Trading Right Entitlement Certificate(TREC)

This is stated at cost less impairment if any, the carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and when the carrying amount exceeds its estimated recoverable amount, is it written down to its estimated recoverable amount.

Software

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

Computer software is measured initially at cost and subsequently stated at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization

Intangible assets with indefinite useful lives are not amortized, instead they are systematically tested for impairment at each reporting date. Intangible assets with finite useful lives are amortized at straight line basis over the useful life of the asset (at the rate specified in note 6 to these financial statements).

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measure at cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade debts and other receivables considered irrecoverable are written off.

3.5 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

3.6 Trade and Other Payable

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

3.7 Revenue recognition

Brokerage Commission, corporate finance income and other income are recognized as and when services are rendered.

Dividend income is recognized when the right to receive the dividend is established

Income on exposure deposits and bank deposits is recognized on a time proportionate basis that takes in to account the effective yield.

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Contingent Liabilities

A Contingent liability is disclosed when the company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the company; or the company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient liability.

3.10 Financial Instruments

3.10.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) Financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL)

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified

dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

- (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.
- (ii) It is an investment in equity instrument which is designated as at fair value through OCI in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

Subsequent measurement

Debt investments at FVOCI

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

Equity Investments at FVOCI

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

Financial asset at FVTPL

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

Financial assets measured at amortized cost

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

Non Derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the company becomes party to the respective contractual provisions. Non-derivative financial asset comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The company derecognizes the financial asset. When the contractual rights to the cash flows from the asset expires or it transfer the right to receive the contractual cash flow in a transaction in which substantially all risk and rewards of ownership of the financial assets are transferred or it neither transferred nor retain substantially all the of the risk and rewards of ownership and does not retain control over the transferred asset.

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 the company has a legally enforceable right to offset and the company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statement only when permitted by the accounting and reporting standards as applicable in Pakistan.

Financial Liabilities

Financial Liabilities are initially recognized on trade date i.e. the date on which the company becomes party to thee respective contractual provisions. Financial Liabilities include markup bearing borrowings and trade and other payables. The company derecognizes the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than fair value through profit and loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

Impairment

Financial assets

The company recognized loss allowances for Expected Credit Losses (ECLs) in respect of financial asset measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 month ECLs:

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

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

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

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

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

Non- financial assets

The carrying amounts of company's non- financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if such indication exists, the asset's recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together in to smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

7

ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. PROPERTY AND EQUIPMENT

	Office Equipment	Furniture and fixtures	Computers	Motor Vehicles	Total
Cost	753,760	662,150	1,984,800	4,180,000	7,580,710
Accumulated depreciation and impairment	(458,114)	(642,529)	(1,954,950)	(1,107,110)	(4,162,703)
Carrying amount at June 30, 2021	295,646	19,621	29,850	3,072,890	3,418,007
Additions	-	257,068	143,101	2,463,000	2,863,169
Disposals - cost	-	-	-	(1,515,000)	(1,515,000)
Depreciation charge for the year	(113,064)	(29,246)	(36,805)	(764,213)	(943,328)
Disposals - Accumulated depreciation	-	-	-	553,555	553,555
Carrying amount at June 30, 2022	182,582	247,443	136,146	3,810,232	4,376,403

The carrying amount as at June 30, 2022 is aggregate of:

Cost	753,760	919,218	2,127,901	5,128,000	8,928,879
Accumulated depreciation and impairment	(571,178)	(671,775)	(1,991,755)	(1,317,768)	(4,552,476)
	182,582	247,443	136,146	3,810,232	4,376,403
Rate of depreciation per annum (%)	15%	15%	30%	15%	

5. INTANGIBLE ASSETS

	TREC	PMEX- Membership	Total
Cost	5,000,000	250,000	5,250,000
Accumulated depreciation and impairment	(2,500,000)	-	(2,500,000)
Carrying amount at June 30, 2021	2,500,000	250,000	2,750,000
Additions	-	-	-
Disposals - cost	-	-	-
Depreciation charge for the year	-	-	-
Disposals - Accumulated depreciation	-	-	-
Carrying amount at June 30, 2022	2,500,000	250,000	2,750,000

The carrying amount as at June 30, 2022 is aggregate of:

Cost	5,000,000	250,000	5,250,000
Accumulated depreciation and impairment	(2,500,000)	-	(2,500,000)
	182,582	250,000	2,750,000

- 5.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once the company intending to carry out shares brokerage business in the manner to be prescribed.

6. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		2022 (Rupees)	2021 (Rupees)
Investment in shares of Pakistan Stock Exchange	6.1	<u>11,060,615</u>	<u>24,121,438</u>
6.1 This represents 1,081,194 (2021: 1,081,194) shares of Pakistan Stock Exchange. Out of which 200,000 shares are pledged against running finance facility.			

7 LONG TERM DEPOSITS

Nccpl Basic Deposit	200,000	200,000
Nccpl Ready Market Deposit	200,000	200,000
Nccpl Future Market Deposit	1,000,000	1,000,000
Ncel Building Management Limited Deposit	5,000,000	5,000,000
Ncel Membership Security Deposit	750,000	750,000
National Commodity Deposit	100,000	100,000
Central Depository Company of Pakistan	100,000	100,000
	<u>7,350,000</u>	<u>7,350,000</u>

8. TRADE DEBTS

Trade debts	8.1	39,242,025	78,461,380
Provision for doubtful debts	8.2	(17,317,204)	(17,317,204)
		<u>21,924,821</u>	<u>61,144,176</u>

8.1 Aging Analysis

Less than one year	39,035,125	76,520,610
More than one year	206,900	1,940,770
	<u>39,242,025</u>	<u>78,461,380</u>

8.2 Loss Allowance

Opening	17,317,204	7,317,204
Provision recorded during the year	-	10,000,000
Less: Write off during the year	-	-
	<u>17,317,204</u>	<u>17,317,204</u>

9. INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	9.1	<u>27,429,704</u>	<u>119,215,535</u>
9.1 Investment in various equity shares carried at market value.			
9.2 This includes securities amounting to Rs. 9.48 million pledge against exposure and running finance.			
9.3 This includes investment in margin trading amounting to Rs. 4.44 million (2021: 37.55 million).			

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax - net	12,268,681	12,308,614
Advance to staff	-	223,956
Nccpl's DFC profit and loss deposit	679,695	2,322,670
MTS Exposure deposit	1,700	2,767,718
	<u>12,950,076</u>	<u>17,622,958</u>

11. CASH AND BANK BALANCES

Cash in hand	-	-
Cash at bank- current	9,015,509	7,018,465
	<u>9,015,509</u>	<u>7,018,465</u>

11.1 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 7.92 million (2021: 6.48 million)

12. SHARE CAPITAL

12 AUTHORIZED SHARE CAPITAL

2022	2021		2022	2021
Number of Shares			Amount	
<u>1,500,000</u>	<u>1,500,000</u>	ordinary shares of Rs. 100 each	<u>150,000,000</u>	<u>150,000,000</u>

12 ISSUED SUBSCRIBED AND PAID-UP CAPITAL

<u>1,015,000</u>	<u>1,015,000</u>	ordinary shares of Rs. 100 each fully paid in cash	<u>101,500,000</u>	<u>101,500,000</u>
------------------	------------------	--	--------------------	--------------------

12.3 PATTERN OF SHAREHOLDING

Shareholders	No of shares	Shareholding %	
Imtiaz Ibrahim	507,499	50.00%	50.0%
Asif Ibrahim	1	0.00%	0.0%
Abdul Aziz	50,750	5.00%	5.0%
M.Irfan	126,875	12.50%	12.5%
M Iqbal	126,875	12.50%	12.5%
Anis Haroon Kapadia	76,125	7.50%	7.5%
Muhammad Zafar	126,875	12.50%	12.5%
	<u>1,015,000</u>	<u>100%</u>	<u>100%</u>

13 LONG TERM LOAN

Long term loan	13.1	<u>6,028,466</u>	<u>7,500,000</u>
----------------	------	------------------	------------------

13.1 This represents unsecured loan being repayable after eighteen months.

14. TRADE AND OTHER PAYABLE

Credit balances of clients	14.1.	7,921,996	6,489,464
Accrued Expenses	14.5.	1,559,222	2,440,438
Liability under margin trading		3,635,346	30,777,896
Accrued interest on loan from directors		-	-
Other payable		303,967	2,906,386
		<u>13,420,531</u>	<u>42,614,184</u>
14.1 Credit balances of clients held by the company		<u>7,921,996</u>	<u>6,489,464</u>
14.2 Number of Securities of client held by the company		<u>23,926,877</u>	<u>15,169,249</u>
14.3 Securities of clients is pledged with Financial Institution.		<u>27,127,360</u>	<u>2,025,420</u>
14.4 Securities of the company is pledged with Financial Institution.		<u>4,612,556</u>	<u>1,784,200</u>
		2022	2021
		(Rupees)	

14.5 ACCRUED EXPENSES

Telephone Bills Payable	16,520	17,570
CDc Bills payable	15,824	43,782
Electric Bills Payable	64,130	64,561
Tax Payable	-	14,317
Legal Fee Payable	50,000	25,000
Mark Up Payable on Long term loan	720,000	720,000
Mark Up Payable on running finance	510,249	1,380,208
Audit Fees Payable	182,499	175,000
	<u>1,559,222</u>	<u>2,440,438</u>

15 SHORT TERM-RUNNING FINANCE

Financing from Financial Institution.	15.1	<u>9,604,951</u>	<u>62,416,567</u>
15.1 Running finance facilities of Rs 122 Million (2021: 122 Million) have been arranged from commercial bank under markup arrangement. The aggregate finance are secured against pledge of shares of listed companies and personal guarantee of directors of company. The markup charged on these facility ranges from 3 month.KIBOR+2 % per annum on daily outstanding balances payable quarterly.			

16. CONTINGENCIES AND COMMITMENTS

16.1. There were no contingencies and commitments as at June 30, 2022.

17. REVENUE FROM CONTRACT WITH CUSTOMERS

		2022	2021
		(Rupees)	
Brokerage income	17.1	<u>4,477,677</u>	<u>7,654,300</u>
		<u>4,477,677</u>	<u>7,654,300</u>
17.1 Brokerage Income- gross		<u>5,059,775</u>	<u>8,649,359</u>
Sales tax		<u>(582,098)</u>	<u>(995,059)</u>
		<u>4,477,677</u>	<u>7,654,300</u>

		2022	2021
		(Rupees)	
18. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	18.1	7,757,472	8,003,840
Printing, stationary and periodicals		120,085	180,204
Utilities		517,247	473,405
Communication Expense		272,992	310,901
Rent, rates and taxes		642,351	508,125
Fee and subscription		684,500	352,715
Transaction Charges		8,619	-
Insurance		241,919	97,254
Entertainment		222,370	170,435
Repair and Maintenance		102,590	52,470
Software Maintenance		620,359	651,026
Legal and Professional		25,000	25,000
Depreciation	4	943,328	821,581
Bank charges		240,513	297,048
Auditor's remuneration	18.2	264,800	175,000
		<u>12,664,145</u>	<u>12,119,004</u>

18.1 This includes Director Remuneration amounting to Rs 3,597,500.

18.2 Auditor's remuneration

Annual Audit	200,000	175,000
System audit	64,800	-
	<u>264,800</u>	<u>175,000</u>

19. FINANCE COST

Interest expense on loan from directors	-	-
Markup on running finance	3,212,891	4,856,156
	<u>3,212,891</u>	<u>4,856,156</u>

20. OTHER INCOME

Capital Gain/(loss)-Investment at FVTPL	(41,351,930)	55,205,573
Dividend Income	1,730,584	1,291,603
Gain on Sale of Fixed Assets	553,555	1,074,271
Markup on Exposure Deposit	206,657	252,052
Other Income	18,081	164,137
	<u>(38,843,053)</u>	<u>57,987,636</u>

21. TAXATION

The Company has filed return for the tax year 2021. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Provision for taxation

- Current year		325,678	309,013
- Prior year		149,269	-
- Deferred	21.1	-	-
Net tax charge		<u>474,947</u>	<u>309,013</u>

21.1 The company has tax losses in the previous years, on which deferred tax asset amounting to Rs.15.2 million (2021: 14.6) will arise. However, as there is continuous losses on account of operating income therefore deferred tax asset has not been recorded.

21.2 Relationship between tax expense and accounting profit

Profit/(loss) before taxation	<u>(50,242,412)</u>	<u>38,666,776</u>
Tax at the applicable rate 29% (2021:29%)	(14,570,299)	11,213,365
Tax effect of income taxed under FTR	11,992,060	(16,189,982)
Deffered tax asset not recognized	2,903,917	5,285,630
Prior year	149,269	-
	<u>474,947</u>	<u>309,013</u>

22 CAPITAL ADEQUACY LEVEL

	2022	2021
	(Rupees)	
Total Assets	96,857,128	242,640,577
Less: Total Liabilities	(29,053,948)	(112,530,751)
Less: Revaluation Reserves	-	-
Capital Adequacy Level.	<u>67,803,180</u>	<u>130,109,826</u>

While determining the value of total assets of TREC holder, the Notional value of the TREC held by Zillion Capital Securities (Private) Limited as at year ended 30th June 2022 determined by Pakistan Stock Exchange has been considered.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1. Financial Instrument by Category

23.1.1 Financial Assets

	2022			
	At fair value through profit or loss	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	7,350,000	7,350,000
Investment at fair value through OCI	-	11,060,615	-	11,060,615
Investment at fair value thorough P&L	27,429,704	-	-	27,429,704
Trade debts	-	-	21,924,821	21,924,821
Advances, deposits and prepayments	-	-	681,395	681,395
Bank balances	-	-	9,015,509	9,015,509
	<u>27,429,704</u>	<u>11,060,615</u>	<u>38,971,725</u>	<u>77,462,044</u>
	2021			
	At fair value through profit or loss	Available for sale	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	7,350,000	7,350,000
Investment at fair value through OCI	-	24,121,438	-	24,121,438
Investment at fair value thorough P&L	119,215,535	-	-	119,215,535
Trade debts	-	-	61,144,176	61,144,176
Advances, deposits and prepayments	-	-	5,314,344	5,314,344
Bank balances	-	-	7,018,465	7,018,465
	<u>119,215,535</u>	<u>24,121,438</u>	<u>80,826,985</u>	<u>224,163,958</u>

23.1.2 Financial Liabilities at Amortized Cost

	2022	
	Amount	Total
Long term loan	6,028,466	6,028,466
Short Term Running Finance	9,604,951	9,604,951
Trade and other Payables	13,420,531	13,420,531
	<u>29,053,948</u>	<u>29,053,948</u>

	2021	
	Amount	Total
Long term loan	7,500,000	7,500,000
Short Term Running Finance	62,416,567	62,416,567
Trade and other Payables	42,614,184	42,614,184
	<u>112,530,751</u>	<u>112,530,751</u>

23.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees of risk.

The Board of Directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

23.2.1 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 in to account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to Credit risk

Credit risk of the company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The company did not allow credits to its customers and trade are executed on 100% margin.

Credit risk is minimised due to the fact that the company invest only in high quality financial assets, all transactions are settled/paid for upon delivery. The company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	<i>Rupees</i>	
Long term deposits	7,350,000	7,350,000
Investment at fair value through other comprehensive income	11,060,615	24,121,438
Investment at fair value through Profit & Loss	27,429,704	119,215,536
Advances, deposits, prepayments and other receivable	681,395	5,314,344
Trade debts	21,924,821	61,144,176
Bank Balances	9,015,509	7,018,465
	<u>77,462,044</u>	<u>224,163,959</u>

23.2.2 Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

A+	-	7,887
AAA	-	-
AA+	5,220,895	3,437,591
AA	205,887	-
AA-	3,588,727	3,572,987
	<u>9,015,509</u>	<u>7,018,465</u>

The long term rating above are taken from SBP website and the rating agencies are PACRA and VIS.

23.2.3 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of business.

	2022				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Long term loan	6,028,466	6,028,466	-	6,028,466	-
ShortTerm Running Finance	9,604,951	9,604,951	9,604,951	-	-
Trade and other payables	13,420,531	13,420,531	13,420,531	-	-
	<u>29,053,948</u>	<u>29,053,948</u>	<u>23,025,482</u>	<u>6,028,466</u>	<u>-</u>

	2021				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Long term loan	7,500,000	7,500,000	-	7,500,000	-
ShortTerm Running Finance	62,416,567	62,416,567	62,416,567	-	-
Trade and other payables	42,614,184	42,614,184	42,614,184	-	-
	<u>112,530,751</u>	<u>112,530,751</u>	<u>105,030,751</u>	<u>7,500,000</u>	<u>-</u>

On the balance sheet date, the company has cash and bank balances of Rs. 9.01 Million (2021: 7.01million) and short term investments of Rs 27.4 million (2021: 119.2 million) for repayment of liabilities.

23.2.4 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 price due to change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

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

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

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 risk. The company is exposed to interest rate risk on borrowing at floating interest rate from bank. However the amount of loan is not significant to as compared to overall assets.

Other

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

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made through surplus funds.

The company is exposed to other price risk on investment in listed shares. The company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2022	<u>2,742,970</u>	<u>(2,742,970)</u>
as at 30th June 2021	<u>11,921,554</u>	<u>(11,921,554)</u>

23.3 Fair value of Financial instruments

The Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

The company annually hold listed assets amounting to Rs 38.49 million (2021: 143.33 million) that are recorded at quoted price.

23.4 Capital risk management

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.

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related Parties Comprise of associated companies , directors, key management personnel and close family members of the directors. Transactions with related parties may be carried out at negotiated rates. Remuneration and benefits to executives of the company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Relationship	Nature	2022	2021
		(Rupees)	
Directorship	Salaries, allowances and ot	3,597,500	3,520,000
Directorship	Trade debts	841,069	35,550,445
Directorship	Long term loan	6,028,466	7,500,000
		<u>6,869,535</u>	<u>43,050,445</u>

24.1. NUMBER OF EMPLOYEES

	2022	2021
	(Numbers)	(Numbers)
Total employees of the Company at the year end	<u>8</u>	<u>11</u>
Average employees of the Company during the year	<u>9</u>	<u>11</u>

25. LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	4,376,403	4,376,403	-
1.2	Intangible Assets	2,750,000	2,750,000	-
1.3	Investment in Govt. Securities (150,000*99)		-	-
	Investment in Debt. Securities		-	-
	If listed than:		-	-
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		-	-
	If unlisted than:		-	-
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		-	-
	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.	38,490,318	6,741,227	31,749,091
	ii. If unlisted, 100% of carrying value.	-	-	-
	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.	-	-	-
1.5	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)	-	-	-
1.6	Investment in subsidiaries		-	-
	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.		-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	2,350,000	2,350,000	-

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	5,000,000	5,000,000	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<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 PLUS ii. Advance tax to the extent it is netted with provision of taxation. iii. Receivables other than trade receivables	12,270,381	12,270,381	-
1.16	Receivables from clearing house or securities exchange(s) 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains. claims on account of entitlements against trading of securities in all markets including MtM gains.	679,695	-	679,695
1.17	Receivables from customers i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i> ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i> iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i> iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i> v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i> <i>vi. 100% haircut in the case of amount receivable from related parties.</i>	-	-	-
		97	-	97
		38,400,859	38,045,764	355,095
		841,069	841,069	-
1.18	Cash and Bank balances i. Bank Balance-proprietary accounts ii. Bank balance-customer accounts iii. Cash in hand	1,035,089 7,980,420 -	- - -	1,035,089 7,980,420 -
1.19	Total Assets	114,174,331		41,799,487
2. Liabilities				
2.1	Trade Payables i. Payable to exchanges and clearing house ii. Payable against leveraged market products iii. Payable to customers	- - 7,921,996	- - -	- - 7,921,996
2.2	Current Liabilities i. Statutory and regulatory dues ii. Accruals and other payables 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	5,498,535 9,604,951 - - - - - -	- - - - - - - -	5,498,535 9,604,951 - - - - - -
2.3	Non-Current Liabilities i. Long-Term financing a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease b. Other long-term financing ii. Staff retirement benefits iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: 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		-	-
	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:			
2.4	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.	7,500,000	7,500,000	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP		-	-
2.5	Total Liabilities	30,525,482		23,025,482
3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	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			
3.2		-	-	-
	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			
3.3		-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
	Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign currency positions			
3.5	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	-	-	-
	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.			
3.7		-	-	-
	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.			
	Concentrated proprietary positions			
3.8	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	-	804,078	804,078
	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts			
3.9		-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met			
	Short sell positions			
	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			
3.10		-	-	-
	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	-	804,078	804,078
		83,648,849	Liquid Capital	17,969,927

26. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 11 OCT 2022 by the Board of Directors of the company.

27. GENERAL

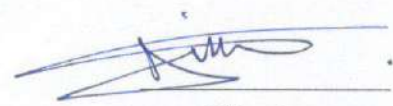
Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.

7



Chief Executive





Director



OFFICES IN PAKISTAN

Karachi Office:

402 Progressive Centre,
30-A, Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi
Phone +92 (21) 34322551-3

Lahore Office:

193-A, Shah Jamal,
Lahore - 54000.
Phone: +92 (42) 35403550-1, 35403588
Fax: 92 (42) 35403599
E-mail: info@uhy-hnco.com
Web: <http://www.uhy-hnco.com>

Islamabad Office:

West Lower Ground, Pak Plaza (19-A)
Fazl-e-Haq Road, Blue Area, Islamabad.
Phone: +92 (51) 2873431-3
Fax: +92 (51) 2261791

UHY INTERNATIONAL

UHY Hassan Naeem & Company is a member of Urbach Hacker Young International Limited, a UK Company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY International network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.