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NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Bhayani Securities (Private) Limited
Financial Statements
For the year ended June 30, 2022

cpaai MEMBER mgiworldwide

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, I am pleased to present our report together with the audited financial statement of the Company for the year June 30, 2022.

Performance Overview

The following depicts the Company's performance in the current year.

	Rupees
Operating revenue	40,042,225
Operating expenses	(25,810,304)
Operating profit	**14,231,921**
Other income	5,827,682
Profit before taxation	**20,059,603**
Taxation	(540,720)
Profit after taxation	**19,518,883**

Earnings per share

Earnings per share for the year ended 30th June 2022 was Rs. **16.24**

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors which badly effected the profitability of the company and eventually PSX Index closed at 41,540 as at June 30, 2022. Moreover, higher inflation and interest rates are likely to keep the equities market under pressure during next year.

Dividend:

The Directors do not recommended any dividend during the year due to cash flow requirement during next financial year.

External Auditors

The retiring auditors, M/s. Nasir Javaid Maqsood Imran., Chartered Accountants, being eligible, have offered themselves for reappointment

Dated: 03 OCT 2022

Director

Chief Executive

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OFF. I.I. CHUNDRIGAR ROAD, KARACHI - PAKISTAN.
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INDEPENDENT AUDITOR'S REPORT

To the members of Bhayani Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Bhayani Securities (Private) Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2022** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2022** and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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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.

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 misstatements, 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 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:

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- 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 controls 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 accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

e) the Company was in compliance with the requirement of section 78 of the Securities Act, 2015, 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 Mohammad Javaid Qasim.

NASIR JAVAID MAQSOOD IMRAN
KARACHI
CHARTERED ACCOUNTANTS

Nasir Javaid Maqsood Imran

Dated: 03 OCT 2022
Karachi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

UDIN : AR202210270Iithb9TjF

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

	Note	Rupees 2022	Rupees 2021
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	4,072,639	1,227,651
Intangible assets	5	2,500,000	2,500,000
Long term advances & deposits	6	1,540,000	4,840,000
		8,112,640	8,567,651
CURRENT ASSETS			
Trade receivables	7	34,945,788	28,548,065
Advances and deposits	8	45,779,935	67,810,000
Short term investment	9	218,118,764	195,085,186
Cash & bank balances	10	70,805,122	85,453,316
		369,649,608	376,896,567
TOTAL ASSETS		377,762,248	385,464,218
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
2,500,000 (2021: 2,500,000) ordinary shares of Rs. 100/- each		250,000,000	250,000,000
Issued, subscribed and paid-up capital	11	120,200,000	120,200,000
Reserves		184,859,998	165,341,115
		305,059,998	285,541,115
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		33,612,008	52,380,560
Accrued expenses & other liabilities	12	39,090,242	46,955,006
Taxation - net		-	587,537
		72,702,249	99,923,103
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		377,762,248	385,464,218

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive **Director**

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

	Note	Rupees 2022	Rupees 2021
REVENUE			
Operating revenue	14	20,199,134	48,318,524
Capital gain on sale of securities		22,916,661	37,047,400
Unrealised (loss) / gain on remeasurement of investment at fair value - through profit or loss		(3,073,570)	4,012,497
		40,042,225	**89,378,421**
Administrative expenses	15	(25,739,289)	(35,437,369)
Finance cost	16	(71,015)	(25,266)
		(25,810,304)	**(35,462,635)**
Operating profit		**14,231,921**	**53,915,786**
Other income	17	5,827,682	8,926,959
Profit before taxation		**20,059,603**	**62,842,746**
Taxation	18	(540,720)	(7,031,331)
Profit after taxation		**19,518,883**	**55,811,414**
Earnings per share - basic and diluted	19	**16.24**	**46.43**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

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

	Note	Rupees 2022	Rupees 2021
Profit after taxation		**19,518,883**	**55,811,414**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**19,518,883**	**55,811,414**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive **Director**

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

	Note	Rupees 2022	Rupees 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**20,059,603**	**62,842,746**
Add / (less) : Items not involved in movement of fund:			
Depreciation		445,012	240,365
Capital gain on sale of investments		(22,916,661)	(37,047,400)
Unrealized loss / (gain) on remeasurement of investments		3,073,570	(4,012,497)
Finance costs		71,015	25,266
		(19,327,065)	(40,794,266)
Cash generated from operating activities before working capital changes		**732,538**	**22,048,479**
Net change in working capital	**(a)**	(10,239,690)	64,753,800
		(9,507,152)	**86,802,279**
Finance costs paid		(71,015)	(25,266)
Taxes paid		(1,889,540)	(1,358,321)
Net cash (used in) / generated from operating activities		**(11,467,707)**	**85,418,692**
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits		3,300,000	5,000,000
Payment for acquisition of motor vehicle		(3,290,000)	-
Investment in securities of quoted companies		(3,190,486)	(56,297,751)
Net cash used in investing activities		**(3,180,487)**	**(51,297,751)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		**(14,648,194)**	**34,120,941**
Cash and cash equivalents at the beginning of the year		85,453,316	51,332,375
Cash and cash equivalents at the end of the year	**10**	**70,805,122**	**85,453,316**
(a) Statement of change in working capital			
(Increase) / decrease in current assets			
Trade receivables		(6,397,723)	(14,593,901)
Advances and deposits		22,791,349	15,493,499
		16,393,626	**899,598**
Increase / (decrease) in current liabilities			
Trade payables		(18,768,552)	18,664,084
Accrued expenses & other liabilities		(7,864,765)	45,190,117
		(26,633,316)	**63,854,202**
Net change in working capital		**(10,239,690)**	**64,753,800**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

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

		Reserves			
	Issued, subscribed & paid up capital	Unappropriated profit	Unrealised gain on remeasurement of investment at fair value- through other comprehensive income	Sub Total	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Balance as at June 30, 2020	**120,200,000**	**104,773,668**	**(4,012,450)**	**100,761,218**	**220,961,218**
Profit for the year	-	55,811,414	-	**55,811,414**	**55,811,414**
Other comprehensive					
Realised gain on sale of securities	-	-	8,768,483	**8,768,483**	**8,768,483**
Reclassification due to sale of investment held at fair value through OCI	-	4,756,033	(4,756,033)	-	-
Balance as at June 30, 2021	**120,200,000**	**165,341,115**	-	**165,341,115**	**285,541,115**
Profit for the year	-	19,518,883	-	**19,518,883**	**19,518,883**
Balance as at June 30, 2022	**120,200,000**	**184,859,998**	-	**184,859,998**	**305,059,998**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

BHAYANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Bhayani Securities (Private) Limited (the Company) was incorporated in Pakistan on December 23, 2005 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 512-514, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. It is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Interrnational Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by IASB and provisions of and directives issued under the Companies Act 2017. In case requirements differ, the provision 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 for derivatives and investments. Statement of cash flow has been presented on cash basis.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

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

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

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

BHAYANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income in the profit and loss account.

Depreciation is charged to profit and loss account applying the reducing balance method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

3.2 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses, if any however, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss using reducing balance method over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell.

3.2.1 Trading Right Entitlement Certificate

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 where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.2.2 Pakistan Mercantile Exchange - Membership card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

3.2.3 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

3.3 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expenses when incurred.

3.4 Financial Instruments

3.4.1 Initial Measurement of financial assets

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

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

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

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markeup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in ohter comprehensive income are reclassified the statement of profit or loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at authozied cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

3.4.2 Financial liabilities

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

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

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

3.5 Impairment

3.5.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

3.5.2 Impairment of non-financial assets

The carrying amout of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an assets or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized to the statement of profit or loss.

3.6 Derecognition

3.6.1 Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable recognised in statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of profit or loss, but is transferred to statement of changes in equity.

3.6.2 Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

3.7 Investments

Investment in shares of listed companies are classified as "At Fair Value - Through Profit or Loss" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Net gains and losses are recognized in statement profit or loss.

3.8 Settlement date accounting

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

3.9 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.10 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL)Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.11 Fiduciary assets

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

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.13 Share capital

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

3.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends and transfers are approved.

3.15 Trade and other payables

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

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

3.16 Taxation

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

i) Current

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

ii) Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.17 Provisions

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

3.18 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.19 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, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided.
- Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.
- Other/miscellaneous income is recognized on receipt basis.
- Income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expenses.

3.20 Operating and administrative expenses

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the financial statements.

3.21 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.22 Earnings per share

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

4 PROPERTY AND EQUIPMENT

	Office equipments	Furniture and fixtures	Computer	Motor vehicle	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis					
Year ended June 30, 2022					
Opening net book value (NBV)	600,181	533,376	94,094	-	**1,227,651**
Additions (at cost)	-	-	-	3,290,000	**3,290,000**
Disposals (at NBV)	-	-	-	-	**-**
Depreciation charge	(90,027)	(80,006)	(28,228)	(246,750)	**(445,012)**
Closing net book value (NBV)	**510,154**	**453,370**	**65,866**	**3,043,250**	**4,072,639**
Gross carrying value basis					
As at June 30, 2022					
Cost	5,075,887	4,830,706	5,592,866	3,290,000	**18,789,459**
Accumulated depreciation	(4,565,733)	(4,377,336)	(5,527,000)	(246,750)	**(14,716,820)**
Net book value (NBV)	**510,154**	**453,370**	**65,866**	**3,043,250**	**4,072,639**
Net carrying value basis					
Year ended June 30, 2021					
Opening net book value (NBV)	706,095	627,501	134,420	-	**1,468,016**
Additions (at cost)	-	-	-	-	**-**
Disposals (at NBV)	-	-	-	-	**-**
Depreciation charge	(105,914)	(94,125)	(40,326)	-	**(240,365)**
Closing net book value (NBV)	**600,181**	**533,376**	**94,094**	**-**	**1,227,651**
Gross carrying value basis					
As at June 30, 2021					
Cost	5,075,887	4,830,706	5,592,866	-	**15,499,459**
Accumulated depreciation	(4,475,706)	(4,297,330)	(5,498,772)	-	**(14,271,808)**
Net book value (NBV)	**600,181**	**533,376**	**94,094**	**-**	**1,227,651**
Depreciation rates (%)	**15**	**15**	**30**	**15**	

	Notes	Rupees 2022	Rupees 2021
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	**2,500,000**	**2,500,000**

5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. TREC has been recognized at cost less accumulated impairment losses.

6 LONG TERM ADVANCES & DEPOSITS

National Clearing Company of Pakistan Limited		1,500,000	1,500,000
Deposit against Base Minimum Capital Requirement		-	3,300,000
Deposit against office		10,000	10,000
Tenancy deposit		30,000	30,000
		1,540,000	**4,840,000**

7 TRADE RECEIVABLES

Considered good		10,590,833	12,729,961
Considered doubtful		-	-
		10,590,833	12,729,961
Allowance for expected credit losses	7.1	(33,431)	(17,327)
		10,557,403	12,712,634
From clearing house		24,388,385	15,835,431
		34,945,788	28,548,065

7.1 Allowance for expected credit loss

Opening balance		17,327	1,642,827
Allowance for / (reversal of) expected credit loss	7.1.1	16,104	(1,625,501)
Closing balance		**33,431**	**17,327**

7.1.1 Aging analysis

Upto 90 days		5,069,363	6,520,091
More than 90 but upto 180 days		2,467,745	4,171,210
More than 180 but upto 360 days		3,020,294	2,021,334
More than 360 days		33,431	17,327
		10,590,833	**12,729,961**

		Notes	Rupees 2022	Rupees 2021
7.2	Total value of securities pertaining to clients held in the Central Depository Company		**1,504,547,501**	**1,657,113,457**
7.3	Value of pledge securities of clients with National Clearing Company of Pakistan Limited.		-	**20,791,250**
7.4	Value of pledge securities of clients with Financial institutions		-	-

7.5 *The securities are valued using market rate at the year end*

8 ADVANCES AND DEPOSITS

	Notes	2022	2021
Exposure deposit	8.1	44,960,651	67,800,000
Income tax refundable		761,284	-
Advance to staff		58,000	10,000
		45,779,935	**67,810,000**

8.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market.

9 SHORT TERM INVESTMENTS

Investments at fair values through profit & loss

	2022	2021
Listed equity securities	221,192,334	191,072,689
Unrealised (loss) / gain on remeasurement of investment at fair value - through profit or loss	(3,073,570)	4,012,497
Market value	**218,118,764**	**195,085,186**

9.1 Shares having market value of Rs. 132,227,415/- (2021: 186,598,450 /-) are pledged as security with PSX and NCCPL for the purpose of base minimum capital and exposure requirements.

10 CASH AND BANK BALANCES

	Notes	2022	2021
Cash in hand		167,663	198,789
Cash at bank			
in current accounts		1,430,471	1,123,472
in savings accounts	10.1	69,206,988	84,131,055
		70,805,122	**85,453,316**

10.1 The return on these balances is 8 % to 12% (2021: 7% to 11%) per annum on daily product basis.

	Notes	Rupees 2022	Rupees 2021
10.21 ***Bank balance pertains to:***			
Brokerage house		34,108,045	3,030,759
Clients		36,529,414	82,223,768
		70,637,459	**85,254,527**

11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022	2021		2022	2021
Number of shares				
357,500	357,500	Ordinary shares of Rs. 100 each fully paid in cash	35,750,000	35,750,000
844,500	844,500	Ordinary shares of Rs. 100 each issued for consideration other than in cash.	84,450,000	84,450,000
1,202,000	**1,202,000**		**120,200,000**	**120,200,000**

11.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

12 ACCRUED EXPENSES & OTHER LIABILITIES

	2022	2021
Accrued expenses	352,914	1,955,006
Profit payable to clients	2,737,327	-
Payable to director	36,000,000	45,000,000
	39,090,242	**46,955,006**

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as on June 30, 2022 (2021: Nil).

14 OPERATING REVENUE

	Notes	2022	2021
Brokerage commission including sales tax on services	**14.1**	22,485,800	53,420,020
Less: Sales tax on services		(2,586,862)	(6,145,246)
Net brokerage commission excluding sales tax on services		**19,898,938**	**47,274,774**
Dividend income		300,196	1,043,750
		20,199,134	**48,318,524**

	Notes	Rupees 2022	Rupees 2021
14.1 Brokerage Income - net of sales tax			
Equity brokerage			
- Institutional customers		-	14,600
- Retail clients		19,898,938	47,260,174
		19,898,938	**47,274,774**

15 ADMINISTRATIVE EXPENSES

	Notes	Rupees 2022	Rupees 2021
Salaries, wages and other benefits		6,069,060	6,329,100
Directors' remuneration	**15.1**	7,200,000	6,250,000
Entertainment		46,980	44,100
Rent, rates and taxes		342,500	316,875
Repairs and maintenance		939,600	403,800
Computer and I.T. expenses		1,089,785	1,058,734
Utility charges		504,099	375,593
Auditors' remuneration	**15.2**	160,000	160,000
Telephone and communication charges		477,568	345,706
Dealer's commission		5,050,926	13,133,258
Legal and professional charges		145,300	207,300
Insurance		74,230	8,430
Service and transaction charges		2,658,135	6,268,998
Fee and subscriptions		176,585	149,950
Allowance for expected credit loss		16,104	-
Travelling and conveyance		56,596	73,034
Vehicle running expenses		171,039	52,500
Depreciation		445,012	240,365
Other expenses		115,770	19,626
		25,739,289	**35,437,369**

15.1 Remuneration of Chief Executive and Director

	2022			2021		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Managerial remuneration	1,800,000	5,400,000	1,200,000	1,800,000	4,450,000	-
Company's contribution to the Provident Fund	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	1,800,000	**5,400,000**	**1,200,000**	**1,800,000**	**4,450,000**	
Number of persons (including those who worked part of the year)	**1**	**3**	**1**	**1**	**3**	**0**

	Notes	Rupees 2022	Rupees 2021
15.2 Auditors' remuneration			
Audit services			
Annual audit fee		100,000	100,000
Certifications		60,000	60,000
		160,000	**160,000**
Non-audit services			
Other services		-	-
		-	-
		160,000	**160,000**
16 FINANCE COST			
Bank charges		71,015	25,266
		71,015	**25,266**

		Notes	Rupees 2022	Rupees 2021
17	**OTHER INCOME**			
	From financial assets			
	Profit on savings accounts		2,019,528	2,503,065
	IPO commission		14,207	28,509
	Profit on exposure deposit		3,381,776	3,820,326
			5,415,510	**6,351,900**
	From non-financial assets			
	Recoveries		412,172	949,558
	Reversal of allowance for expected credit loss		-	1,625,501
			412,172	**2,575,059**
			5,827,682	**8,926,959**
18	**TAXATION**			
	Current		540,720	6,439,439
	Prior		-	591,892
			540,720	**7,031,331**
18.1	**Relationship between income tax expense and accounting profit**			
	Profit before taxation		**20,059,603**	**62,842,746**
	Tax at the applicable tax rate of 29% (2021: 29%)		5,817,285	18,224,396
	Tax effect of income taxed at lower tax rates		(40,578)	(10,889,872)
	Tax effect of non deductible expenses		1,408,412	739,933
	Tax effect of exempt income		(6,645,832)	
	Tax effect of minimum tax		1,433	-
	Tax effect of prior year		-	591,892
	Others		-	(1,635,019)
			540,720	**7,031,331**

18.2 The income tax returns of the Company have been filed up to tax year 2021 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

19	**EARNINGS SHARE - BASIC & DILUTED**		
19.1	**Basic earnings per share**		
	Profit after taxation	19,518,883	55,811,414
	Number of shares issued up to the end of the year	1,202,000	1,202,000
		16.24	**46.43**

19.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

20.1 Financial instruments by category

20.1.1 Financial assets

	2022			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term loans, advances & deposits	-	-	1,540,000	1,540,000
Short term investments	218,118,764	-	-	218,118,764
Trade debts - unsecured	-	-	34,945,788	34,945,788
Advances and deposits	-	-	45,779,935	45,779,935
Cash and bank balances	-	-	70,805,122	70,805,122
	218,118,764	**-**	**153,070,845**	**371,189,609**

	2021			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term loans, advances & deposits	-	-	4,840,000	4,840,000
Short term investments	195,085,186	-	-	195,085,186
Trade debts - unsecured	-	-	28,548,065	28,548,065
Advances and deposits	-	-	67,810,000	67,810,000
Cash and bank balances	-	-	85,453,316	85,453,316
	195,085,186	**-**	**186,651,381**	**381,736,567**

20.1.2 Financial liabilities

	2022		
	Amortised cost	At fair value through profit or loss	Total
Trade payables	33,612,008	-	33,612,008
Accrued expenses & other liabilities	39,090,242	-	39,090,242
	72,702,249	**-**	**72,702,249**

	2021		
	Amortised cost	At fair value through profit or loss	Total
Trade payables	52,380,560	-	52,380,560
Accrued expenses & other liabilities	46,955,006	-	46,955,006
	99,335,566	**-**	**99,335,566**

21 FINANCIAL RISK MANAGEMENT

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:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is not exposed to such risk.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. 21,811,876/-** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

21.2 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 assets. 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 comments 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 options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2022					
	Carrying amount	**Contractual cash flows**	**Six month or less**	**Six to twelve months**	**One to two years**	**Two to five years**
	(Rupees)					
Financial liabilities						
Trade payables	33,612,008	33,612,008	33,612,008	33,612,008	-	-
Accrued expenses & other liabilities	39,090,242	39,090,242	39,090,242	39,090,242	-	-
	72,702,249	**72,702,249**	**72,702,249**	**72,702,249**	-	-

	2021					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Trade payables	52,380,560	52,380,560	52,380,560	52,380,560	-	-
Accrued expenses & other liabilities	46,955,006	46,955,006	46,955,006	46,955,006	-	-
	99,335,566	**99,335,566**	**99,335,566**	**99,335,566**	-	-

21.3 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 into 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 fulfill 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. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. 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 follows:

	Rupees 2022	Rupees 2021
Long term loans, advances & deposits	1,540,000	4,840,000
Short term investments	218,118,764	195,085,186
Trade debts - unsecured	34,945,788	28,548,065
Advances and deposits	45,779,935	67,810,000
Cash and bank balances	70,805,122	85,453,316
	371,189,609	**381,736,567**

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Bank balances

The analysis below summarizes the credit quality of the Company's bank balance:

	Rupees 2022	Rupees 2021
AAA	835,251	282,355
A1+	69,730,172	84,900,136
A1	72,036	72,036
	70,637,459	**85,254,527**

21.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processess, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks suc as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

21.5 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 values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through profit and loss				
Listed securities	218,118,764	-	-	218,118,764
	218,118,764	**-**	**-**	**218,118,764**

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through profit and loss				
Listed securities	195,085,186	-	-	195,085,186
	195,085,186	**-**	**-**	**195,085,186**

21.6 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 minimise risk.

22 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's lenght basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the chief executive, directors and executive is disclosed in relevant note to the financial statements. No significant transaction with related parties have occurred during the year.

23 NUMBER OF EMPLOYEES

	2022	2021
Total employees of the Company at the year end	13	13
Average employees of the Company during the year	13	14

24 PATTERN OF SHAREHOLDING

Name of shareholders	2022	2021	2022	2021
	Number of Shares		Percentage of Holding	
Kausar Abbas Bhayani	1,151,498	1,151,498	95.799%	95.799%
Kaneez Zainab Bhayani	50,500	50,500	4.201%	4.201%
Muhammad Abbas	1	-	0.000%	0.000%
Asif Raza	-	1	0.000%	0.000%
Muhammad Ali Sheikh	1	1	0.000%	0.000%
	1,202,000	**1,202,000**	**100%**	**100%**

During the year there were no changes in shareholdings above 5%

25 CAPITAL ADEQUACY LEVEL

		2022
Total Assets		385,464,218
Less: Total Liabilities		(99,923,103)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)		-
Capital Adequacy Level	25.1	**285,541,115**

25.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2022, as determined by Pakistan Stock Exchange has been considered.

BHAYANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

26 LIQUID CAPITAL BALANCE

Liquid Capital Balance of the Company, as at June 30, 2022, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is **Rs. 212,274,895/-**. The Statement of Liquid Capital is enclosed as **Annexure A-I.**

27 AUTHORIZATION FOR ISSUE

These financial statements were approved by the Company's board of directors and authorised for issue on 03 OCT 2022

28 GENERAL

28.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

28.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

BHAYANI SECURITIES (PRIVATE) LIMITED
Statement of Liquid Capital (Annexure I)
As on June 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	Assets			
1.1	Property & Equipment	4,072,639	(4,072,639)	-
1.2	Intangible Assets	2,500,000	(2,500,000)	-
1.3	Investment in Govt. Securities (150,000*99)			
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure 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.			
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	186,342,664	(32,845,277)	153,497,387
	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 alloted 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)	-	-	-
1.6	Investment in subsidiaries			
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites 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.	1,540,000	(1,540,000)	-
1.9	Margin deposits with exchange and clearing house.	44,960,651	-	44,960,651
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	ii. Receivables other than trade receivables	58,000	(58,000)	-
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.	24,388,385	-	24,388,385
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.			
	i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value.			
	ii. Net amount after deducting haircut	-	-	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.			
	iii. Net amount after deducting haricut			
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.			
	iv. Balance sheet value	1,151,659	-	1,151,659

	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. *v. Lower of net balance sheet value or value determined through adjustments*	9,439,174	9,300,671	9,300,671
	vi. 100% haircut in the case of amount receivable form related parties.			
1.18	**Cash and Bank balances**	-		
	I. Bank Balance-proprietory accounts			
	ii. Bank balance-customer accounts	34,108,045	-	34,108,045
	iii. Cash in hand	36,529,414	-	36,529,414
	Total cash and bank balances	167,663	-	167,663
1	**Total Assets**	**70,805,122**		**70,805,122**
2. Liabilities		**345,258,294**		**304,103,875**
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products	-		-
	iii. Payable to customers	.		
2.2	**Current Liabilities**	33,612,008	-	33,612,008
	i. Statutory and regulatory dues			
	ii. Accruals and other payables			
	iii. Short-term borrowings	39,090,242	-	39,090,242
	iv. Current portion of subordinated loans	-		-
	v. Current portion of long term liabilities	-		-
	vi. Deferred Liabilities	-		-
	vii. Provision for bad debts	-		-
	viii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements	-		-
2.3	**Non-Current Liabilities**	-		-
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits			
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad 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	Total Liabilities			
3. Ranking Liabilities Relating to :		**72,702,249**		**72,702,249**
3.1	**Concentration in Margin Financing**			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	**Concentration in securities lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	**Net underwriting Commitments**			
	(a) in the case of right issuse : if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting			
	(b) in any other case : 12.5% of the net underwriting commitments			
	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 cuurency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
	Repo adjustment			
3.7	**In the case of financier/purchaser** the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
	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	3,432,504	-	3,432,504
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requirements in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	15,694,227	-	15,694,227
	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. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3	**Total Ranking Liabilites**	**19,126,731**	**-**	**19,126,731**
	Liquid Capital	**253,429,314**	**-**	**212,274,895**