

**PUNJAB CAPITAL SECURITIES  
(PRIVATE) LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Month (Un-Audited)**

**For the Three Month Ended January 01, 2022 to March 31, 2022**

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

	Note	(Un-Audited) March 31, 2022 Rupees	(Audited) December 31, 2021 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	1,145,759	1,124,632
Intangible assets	5	7,140,225	7,140,225
Long term security deposits	6	8,192,027	8,192,027
Long term investment	7	20,466,394	20,466,394
		<b>36,944,405</b>	<b>36,923,278</b>
<b>CURRENT ASSETS</b>			
Trade debts	8	12,310,639	7,778,595
Advances , prepayments & other receivables	9	9,637,096	30,936,802
Tax due from Government	10	1,927,575	1,541,491
Cash and bank balances	11	55,168,201	28,208,685
		<b>79,043,511</b>	<b>68,465,573</b>
<b>TOTAL ASSETS</b>		<b>115,987,916</b>	<b>105,388,851</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	12	76,500,000	76,500,000
Fair value reserve		5,574,500	5,574,500
Accumulated profit/(losses)		1,931,292	306,796
		<b>84,005,792</b>	<b>82,381,296</b>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability		599,483	599,483
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	30,044,928	21,403,087
Provision for taxation		1,337,713	1,004,985
		<b>31,382,641</b>	<b>22,408,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,987,916</b>	<b>105,388,851</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14	-	-

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

	Note	03 Month Ended Mar 31, 2022	03 Month Ended Mar 31, 2021
		Rupees	Rupees
Brokerage income	15	5,177,634	6,595,089
Administrative & operative expenses	16	(4,827,279)	(5,149,165)
<b>Operating Profit/(Loss)</b>		<b>350,355</b>	<b>1,445,924</b>
Bank charges	17	(3,625)	(1,740)
		<b>346,730</b>	<b>1,444,184</b>
Other income	18	1,610,494	770,519
Gain on measurement of investment classified as 'held for trading'		-	-
<b>Profit/(loss) before taxation</b>		<b>1,957,225</b>	<b>2,214,703</b>
Taxation	19	(332,728)	(83,728)
<b>Profit/(Loss) after taxation</b>		<b>1,624,497</b>	<b>2,130,975</b>

**OTHER COMPREHENSIVE INCOME**

Items which will not be classified  
in profit & loss account

Unrealized gain charged to OCI

-	-
---	---

Other comprehensive income/ for the period

-	-
---	---

**Total Comprehensive income/ (loss) for the  
period**

<b>1,624,497</b>	<b>2,130,975</b>
------------------	------------------

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

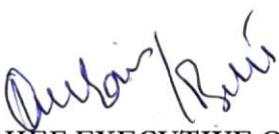
  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

	Issued, subscribed and paid-up capital	Fair Value Reserve	Accumulated Profit/loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2021	76,500,000	5,642,018	(4,012,591)	78,129,427
Profit for the period	-	-	4,319,387	4,319,387
Other comprehensive income	-	(67,518)	-	(67,518)
	-	(67,518)	4,319,387	4,251,869
Balance as at December 31, 2021	<u>76,500,000</u>	<u>5,574,500</u>	<u>306,796</u>	<u>82,381,296</u>
Balance as at January 01, 2022	76,500,000	5,574,500	306,796	82,381,296
Profit for the period	-	-	1,624,497	1,624,497
Other comprehensive income	-	-	-	-
	-	-	1,624,497	1,624,497
Balance as at March 31, 2022	<u><u>76,500,000</u></u>	<u><u>5,574,500</u></u>	<u><u>1,931,292</u></u>	<u><u>84,005,792</u></u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

  
**CHIEF EXECUTIVE OFFICER**

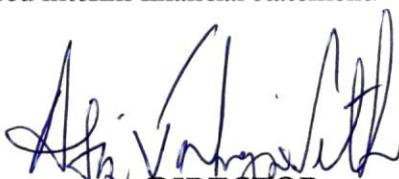
  
**DIRECTOR**

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

Note	03 Month Ended Mar 31, 2022	03 Month Ended Mar 31, 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,957,225	2,214,703
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	52,373	59,564
Unrealized re-measurement gain on investment	-	-
Accrued markup	(918,293)	270,441
Dividend income	(632,981)	-
Financial charges	3,625	1,740
<b>Operating profit/(loss) before working capital changes</b>	<b>461,948</b>	<b>2,546,448</b>
<b>Effect on cash flow due to Working capital changes</b>		
<b>(Increase)/decrease in current assets</b>		
Advances , prepayments & other receivables	22,217,999	(20,863,370)
Trade debts	(4,532,044)	(12,981,882)
<b>Increase in current liabilities</b>		
Trade and other payables	8,641,841	16,154,420
<b>Cash flows from operations</b>	<b>26,789,744</b>	<b>(15,144,383)</b>
Income tax paid	(386,084)	(452,197)
Financial charges paid	(3,625)	(1,740)
Dividend income received	632,981	-
<b>Net cash generated from/(used in) operating activities</b>	<b>27,033,017</b>	<b>(15,598,320)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(73,500)	-
Security deposit	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>(73,500)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share deposit money received	-	-
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>26,959,516</b>	<b>(15,598,320)</b>
Cash and cash equivalents at the beginning of the period	28,208,685	49,622,052
<b>Cash and cash equivalents at the end of the period</b>	<b>55,168,201</b>	<b>34,023,732</b>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH ENDED 31 MARCH 2022**

**1 GENERAL INFORMATION**

The Punjab Capital Securities (Private) Limited ("the Company") is registered under the repealed Companies Ordinance, 1984 (which is replaced by Companies Act 2017) as a company limited by shares on the 29th day of November 2016. The Company is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the Company is situated at Room No 319, 3<sup>rd</sup> Floor, Lahore stock exchange (LSE) Building, Lahore.

The Company is wholly-owned subsidiary of First Punjab Modaraba ("the Parent") by virtue of 100% holding of the Company which in turn is the subsidiary of Punjab Modaraba Services (Private) Limited, ultimate parent of the company is The Bank of Punjab.

In light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Company as at March 31, 2022. Consequently, there is no material impact on the recognition and measurement of assets and liabilities.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulation)

Wherever, the requirements of the Companies Act, 2017 or directives issued by the SECP differ with the requirements of these IFRS, the Regulation and the requirements of the Companies Act, 2017 or the requirements of the said directives take precedence.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

**2.3 Accounting estimates**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience and other factors involving a higher degree of expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial

- Useful lives, residual values and depreciation method of property and equipment — Note 3.1
- Impairment loss of non-financial assets
- Estimation of provisions - Note 3.4
- Current income tax expense, provision for current tax - Note 3.6

**2.4 Functional and presentation currency**

These financial statements are presented in Pakistan rupees, which is the functional and presentation currency for the Company. The figures have been rounded-off to nearest rupees, unless otherwise stated.

**2.5 Standard note for standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following amendments to the approved accounting and reporting standards, applicable in Pakistan, would be effective from the dates mentioned below against the respective standards and interpretation have not been adopted early by the Company:

<u>Standard or Interpretation</u>	<u>Effective dates (Annual periods beginning on</u>
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. 01 January 2023
IAS 1 and Practice Statement 2	Presentation of Financial Statements to require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. 01 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) - Definition of Accounting Estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" 01 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from single Transaction- Amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. 01 January 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment) Not yet finalized

The above new amendments to standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above new standards and amendments to standard and interpretations, The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

In addition to the above new standards and amendments to standard and interpretations, improvements to various accounting standards have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>Effective Dates (Annual periods beginning on</b>
IFRS 1 - First Time Adoption of IFRS	01 Jul 2009
IFRS 17 - Insurance Contracts	01 Jan 2021

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

## **2.6 New accounting standards, interpretations, and amendments applicable to the Financial Statements for the year ended 31 December 2021**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2019, as listed below. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 3 - Business Combinations - Definition of a Business (amendments)

IFRS 7 & IFRS 9 - Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)

IAS 1 & IAS 8 - Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments).

IFRS 16 - Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The adoption of above standards, interpretations and amendments applied for the first time in the year did not have impact on financial statements of the Company.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except for the change explained below:

### **3.1 Property and equipment**

These are stated at cost less accumulated depreciation and impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the profit and loss account by applying the reducing balance method at the rates specified in note 5. Depreciation on additions is charged from the day in which the asset is put to use and on disposals, up to the day the asset has been in use.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change of accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is derecognized.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Subsequent cost are included in the assets' carrying amount or recognizes as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will follow to the entity and its cost can be reliably measured. The carrying amount of the asset replaced is de-recognized.

### **3.2 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts.

### 3.3 Revenue from contract with customers

- a) Brokerage income is recognized on satisfaction of performance obligation over time i.e on trade date basis.
- b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- a) Interest income on margin financing is recognized on outstanding balance using effective interest rate.

### 3.4 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

### 3.5 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.5.1 Financial assets

##### Financial assets - initial recognition

The Company has adopted IFRS 9 Financial Instruments with effect from 1 July 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term deposits, trade debts, loans and advances, other receivables and bank balances.

**Financial assets - subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

**Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, trade debts, advance to employees against salary and other receivables excluding sales tax refund bonds.

**Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

**Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are

- a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

#### **Financial assets - Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- a) The rights to receive cash flows from the asset have expired; or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Financial assets - Impairment**

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

Upon adoption of IFRS 9, the Company has no material impact on amounts in the statement of financial position as the current methodology adequately reflects requirements of the new standards.

### 3.5.2 Financial liabilities

#### Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

#### Financial liabilities - subsequent measurement

##### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

#### Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

### 3.6 Taxation

#### 3.6.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income.

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### 3.6.2 Deferred

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

Deferred tax is calculated at the rates are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

**3.7 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. No amortization is charged on intangible assets with indefinite useful life.

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

**3.8 Related party transactions**

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

**3.9 Dividend**

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are declared.

4. Property and equipment

4.1 Reconciliation of the carrying amounts at the end of the period is as follows. (Un-Audited)

Particulars	Cost		Rate %	Accumulated Depreciation		Written down value as at March 31, 2022.
	As at Jan 01, 2022	Additions during the period		As at Jan 01, 2022	Charge for the period	
Furniture and fixtures	748,985	-	15	405,566	12,775	418,341
Computers	1,240,980	6,500	30	996,295	19,373	1,015,668
Office equipment	946,152	67,000	15	409,624	20,225	429,849
	<b>2,936,117</b>	<b>73,500</b>		<b>1,811,485</b>	<b>52,373</b>	<b>1,863,858</b>

4.2 Reconciliation of the carrying amounts at the beginning of the period is as follows. (Audited)

Particulars	Cost		Rate %	Accumulated Depreciation		Written down value as at December 31, 2021
	As at July 01, 2021	Additions during the period		As at July 01, 2021	Charge for the period	
Furniture and fixtures	748,985	-	15	377,721	27,845	405,566
Computers	1,212,980	28,000	30	958,057	38,238	996,295
Office equipment	739,852	206,300	15	380,062	29,562	409,624
	<b>2,701,817</b>	<b>234,300</b>		<b>1,715,840</b>	<b>95,645</b>	<b>1,811,485</b>

4

		(Un-Audited) March 31, 2022 Rupees	(Audited) December 31, 2021 Rupees
<b>5. Intangible assets</b>			
LSE room		4,640,225	4,640,225
Trading Right Entitlement Certificate (TREC)		2,500,000	2,500,000
		<u>7,140,225</u>	<u>7,140,225</u>
<b>6. Long term security deposits</b>			
National Clearing Company of Pakistan Limited		200,000	200,000
Central Depository Company		100,000	100,000
Deposit against base minimum capital		6,490,527	6,490,527
Basic deposit for regular		200,000	200,000
Basic deposit for future		1,000,000	1,000,000
Deposit against MSF		100,000	100,000
Others		101,500	101,500
		<u>8,192,027</u>	<u>8,192,027</u>
<b>7. Long term investment</b>			
<b>Available for Sale</b>			
843,975 (Dec-2021: 843,975) shares of LSE Financial Services Limited		<u>20,466,394</u>	<u>20,466,394</u>
Cost		20,466,394	20,533,912
Revaluation gain during year		-	(67,518)
		<u>20,466,394</u>	<u>20,466,394</u>
<b>8. Trade debts</b>			
- Considered good		<u>12,310,639</u>	<u>7,778,595</u>
This includes Rs. 1,067,881/- (Dec-2021: Rs.1,306,246/-) receivable from related parties.			
<b>9. Advances , prepayments &amp; other receivables</b>			
Advances to suppliers		769,150	797,140
Prepayment		49,653	99,303
Exposure deposit - NCCPL	9.1	7,900,000	29,917,195
Accrued markup		918,293	123,164
		<u>9,637,096</u>	<u>30,936,802</u>
9.1	This includes Rs. 7,900,000/- (Dec-2021: 29,917,195) given to NCCPL against ready and future exposure for trade activity.		
<b>10. Tax due from Government</b>			
Tax refund due from Government		1,541,491	2,752,370
Advance tax paid during the period		386,084	347,529
		<u>1,927,575</u>	<u>3,099,899</u>
Less: Adjusted during the period		-	(1,558,408)
		<u>1,927,575</u>	<u>1,541,491</u>

4

	(Un-Audited) March 31, 2022 Rupees	(Audited) December 31, 2021 Rupees
<b>11. Cash and bank balances</b>		
Cash at hand	15,000	-
Cash at bank		
Saving account	3,574,838	2,660,203
Current account	51,578,363	25,548,482
	<u>55,168,201</u>	<u>28,208,685</u>
This includes Rs. 2,752,266/- (Dec-2021: Rs.2,600,785/-) provident fund balance held in designated bank account.		
<b>12. Share Capital</b>		
<b>Authorized</b>		
20,000,000 (Dec-2021: 20,000,000) ordinary shares of Rs.10 each	<u>200,000,000</u>	<u>200,000,000</u>
<b>12.1. Issued, subscribed and Paid up</b>		
7,650,000 (Dec-2021: 7,650,000) ordinary shares of Rs.10 each fully paid-up in cash	<u>76,500,000</u>	<u>76,500,000</u>
<b>13. Trade and other payables</b>		
Trade payables	25,720,735	16,082,830
Others payable	4,324,193	5,320,257
	<u>30,044,928</u>	<u>21,403,087</u>
<b>13.1 Others payable</b>		
Accrued liabilities	2,461	2,461
Provident fund payable	2,841,281	2,687,107
Other payables	1,220,451	2,110,689
Audit fee payable	260,000	520,000
	<u>4,324,193</u>	<u>5,320,257</u>

y

**14. Contingencies and commitments**

There are no material contingencies and commitments at the balance sheet date. (Nil: 2021)

	Note	03 Month Ended Mar 31, 2022	03 Month Ended Mar 31, 2021
		Rupees	Rupees
<b>15. Brokerage income</b>			
Commission income - Regular & Future		4,690,603	6,427,588
Commission income - MF		487,031	167,501
		<b>5,177,634</b>	<b>6,595,089</b>
<b>16. Administrative &amp; operative expenses</b>			
Salaries, allowances and other benefits		2,698,912	2,390,992
Sales reward allowance		854,392	1,166,492
Shariah advisor fee		150,000	150,000
Rent, rates and taxes		94,517	118,430
Repairs and maintenance		116,071	118,255
Utilities		124,898	101,425
Fees & subscription		149,404	110,463
PSX, clearing house and CDC charges, etc.		259,704	406,116
Insurance charges		49,650	52,035
Travelling and conveyance		32,450	29,683
Depreciation		52,373	59,564
Communication, printing and stationery		48,773	50,298
Legal and professional charges		69,920	13,250
Marketing expenses		63,000	60,000
Entertainment		61,495	42,587
Penalty	15.1	-	275,000
Misc. expenses		1,720	4,575
		<b>4,827,279</b>	<b>5,149,165</b>
<b>15.1 Penalty</b>			
The Securities and Exchange Commission of Pakistan has imposed penalty of Rs. 275,000/- under section 40A of the act on violation of AML regulations. The company has filed appeal in appellate bench of SECP.			
<b>17. Bank charges</b>			
Bank charges		3,125	1,500
FED charges		500	240
		<b>3,625</b>	<b>1,740</b>
<b>18. Other income</b>			
<b>Income from financial assets</b>			
Profit on bank deposit		21,199	35,645
Dividend income		632,981	-
Margin finance income		67,162	99,318
Return on exposure deposit with PSX		506,037	232,269
Return on exposure deposit - BMC		-	12,830
Income receivable on MF		379,350	-
Physical share transfer fee		-	390,457
Misc income		3,765	-
		<b>1,610,494</b>	<b>770,519</b>

	<b>03 Month Ended Mar 31, 2022</b>	<b>03 Month Ended Mar 31, 2021</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>19. Taxation</b>		
Current period	332,728	83,728
Deffered tax	-	-
	<u>332,728</u>	<u>83,728</u>

**20. Remuneration of Chief Executive, Director and Executives**

The aggregate amount charged in the financial statements for the period for remuneration, including all benefits, to the Chief Executive, Director and Executives of the Company are as follows:

	<b>Chief Executive</b>		<b>Executives</b>	
	<b>03 Month Ended Mar 31, 2022</b>	<b>03 Month Ended Mar 31, 2021</b>	<b>03 Month Ended Mar 31, 2022</b>	<b>03 Month Ended Mar 31, 2021</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Managerial remuneration	827,904	739,200	1,102,425	971,250
Other benefits	286,047	248,713	15,000	15,000
Provident fund	43,104	36,960	57,396	50,565
	<u>1,157,055</u>	<u>1,024,873</u>	<u>1,174,821</u>	<u>1,036,815</u>
<b>No. of persons</b>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>

20.1 No remuneration is paid to any Director other than Chief Executive.

**21. Related party transaction**

The related parties comprise parent, associates, directors and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes of these financials statement. Other significant transactions with related parties are as follows:

<b>Relationship with the Company</b>	<b>Nature of transactions</b>	<b>03 Month Ended Mar 31, 2022</b>	<b>03 Month Ended Mar 31, 2021</b>
		<b>Rupees</b>	<b>Rupees</b>
Parent Company			
The Bank of Punjab	Commission income	1,019,610	1,732,149
	Balance Receivable	1,067,881	1,746,007
<b>Key management personnel</b>			
Chief Executive Officer	Commission paid to PCS	309,725	131,051
Head of Operations	Commission paid to PCS	868	330
Senior Risk Manager	Commission paid to PCS	346	7,530
Head of Internal Audit	Commission paid to PCS	992	7,285

22. **Provident fund and related disclosures**

	<b>(Un-Audited)</b> <b>March 31,</b> <b>2022</b> <b>Rupees</b>	<b>(Audited)</b> <b>December 31,</b> <b>2021</b> <b>Rupees</b>
Size of the fund	<u>2,841,281</u>	<u>2,687,107</u>
Cost of investments made	<u>-</u>	<u>-</u>
Percentage of investments made	<u>-</u>	<u>-</u>
Fair value of investments	<u>-</u>	<u>-</u>

The investments out of the provident fund have not been made and transfer into separate bank account of the company which is not under usage of the company.

23. **No. of employees**

The total and average number of employees respectively are as follows:

	<b>(Un-Audited)</b> <b>March 31,</b> <b>2022</b> <b>Number</b>	<b>(Audited)</b> <b>December 31,</b> <b>2021</b> <b>Number</b>
Number of employees	<u>10</u>	<u>12</u>
Average number of employees	<u>11</u>	<u>12</u>

24. **Date of authorization**

These financial statements have been authorized for issue by the Board of Directors of the Company on 27 APR 2022.

25. **General**

Figures have been rounded off to the nearest rupees.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR