PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

Three Month (Un-Audited)

For the Three Month Ended July 01, 2021 to September 30, 2021

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	Note	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
		Rupees	Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	**939,444**	985,977
Intangible assets	5	**7,140,225**	7,140,225
Long term security deposits	6	**8,192,027**	3,091,991
Long term investment	7	**20,533,912**	20,533,912
		36,805,608	31,752,105
CURRENT ASSETS			
Trade debts	8	**13,611,831**	32,655,884
Advances , prepayments & other receivables	9	**26,645,265**	33,610,565
Tax due from Government	10	**2,871,194**	2,752,370
Cash and bank balances	11	**40,036,982**	28,323,879
		83,165,272	97,342,698
TOTAL ASSETS		**119,970,880**	129,094,803
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	**76,500,000**	76,500,000
Fair value reserve		**5,642,018**	5,642,018
Accumulated losses		**(2,014,716)**	(4,012,591)
		80,127,302	78,129,427
NON-CURRENT LIABILITY			
Deferred tax liability		**12,179**	12,179
CURRENT LIABILITIES			
Trade and other payables	13	**37,863,790**	49,394,791
Provision for taxation		**1,967,609**	1,558,406
		39,831,399	50,953,197
TOTAL EQUITY AND LIABILITIES		**119,970,880**	129,094,803
CONTINGENCIES AND COMMITMENTS	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 SEPTEMBER 30, 2021

	Note	03 Month Ended Sept 30, 2021 Rupees	03 Month Ended Sept 30, 2020 Rupees
Brokerage income	15	**6,896,393**	5,051,308
Administrative & operative expenses	16	**(5,004,407)**	(4,021,193)
Operating Profit/(Loss)		**1,891,986**	1,030,115
Bank Charges	17	**(3,492)**	(3,585)
		1,888,493	1,026,530
Other income	18	**518,585**	647,920
Gain on measurement of investment classified as 'held for trading'		-	-
Profit/(loss) before taxation		**2,407,078**	1,674,450
Taxation	19	**(409,203)**	(63,141)
Profit/(Loss) after taxation		**1,997,875**	1,611,309

OTHER COMPREHENSIVE INCOME

Items which will not will be classified in profit & loss account		
Unrealized gain charged to OCI	-	-
Other comprehensive income/ for the period	-	-
Total Comprehensive income/ (loss) for the period	**1,997,875**	1,611,309

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 SEPTEMBER 30, 2021

	Issued, subscribed and paid-up capital	Fair Value Reserve	Accumulated Profit/loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2020	76,500,000	4,713,645	(11,609,102)	69,604,543
Profit for the period	-	-	7,596,511	7,596,511
Other comprehensive income		928,373		928,373
	-	928,373	7,596,511	8,524,884
Balance as at June 30, 2021	76,500,000	5,642,018	(4,012,591)	78,129,427
Balance as at July 01, 2021	76,500,000	5,642,018	(4,012,591)	78,129,427
Profit for the period	-	-	1,997,875	1,997,875
Other comprehensive income		-		
	-	-	1,997,875	1,997,875
Balance as at September 30, 2021	76,500,000	5,642,018	(2,014,716)	80,127,302

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 SEPTEMBER 30, 2021

	Note	03 Month Ended Sept 30, 2021 Rupees	03 Month Ended Sept 30, 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		2,407,078	1,674,450
Adjustments for non-cash charges and other items:			
Depreciation		46,533	59,564
Accrued markup		(124,848)	(278,740)
Financial charges		3,492	3,585
Operating profit/(loss) before working capital changes		2,332,255	1,458,859
Effect on cash flow due to Working capital changes			
(Increase)/decrease in current assets			
Advances , prepayments & other receivables		7,090,148	(955,489)
Trade debts		19,044,053	(4,789,746)
Increase in current liabilities			
Trade and other payables		(11,531,001)	2,219,553
Cash flows from operations		16,935,455	(2,066,823)
Income tax paid		(118,824)	(33,292)
Financial charges paid		(3,492)	(3,585)
Net cash generated from/(used in) operating activities		16,813,139	(2,103,700)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		-	-
Security deposit		(5,100,036)	-
Net cash generated from/(used in) investing activities		(5,100,036)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		-	-
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		11,713,103	(2,103,700)
Cash and cash equivalents at the beginning of the period		28,323,879	44,342,701
Cash and cash equivalents at the end of the period	10	40,036,982	42,239,001

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 YEAR ENDED 30 SEPTEMBER 2021

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" 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 PMSL, 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 June 30, 2021. 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 statements are as follows:

- 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:

Standard or Interpretation		Effective dates (Annual periods beginning on
IFRS 9, IAS 39 & IFRS 7	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
IFRS 3	Business Combinations - The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022
IFRS 16	Property, plant and equipment - Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	01 January 2022
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	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	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 –	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.

Standard or Interpretation	Effective Dates (Annual periods beginning on
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 30 June 2020

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 instruments)

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

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 ubstantially 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.

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 September 30, 2021
	As at July 01, 2021	Additions during the period	As at September 30, 2021		As at July 01, 2021	Charge for the period	As at September 30, 2021	
	----Rupees----			%	----Rupees----			
Furniture and fixtures	748,985	-	**748,985**	15	376,176	13,811	389,987	**358,998**
Computers	1,212,980	-	**1,212,980**	30	958,048	19,115	977,163	**235,818**
Office equipment	739,852	-	**739,852**	15	381,616	13,607	395,223	**344,629**
	2,701,817	**-**	**2,701,817**		**1,715,840**	**46,533**	**1,762,373**	**939,444**

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 June 30, 2021
	As at July 01, 2020	Additions during the period	As at June 30, 2021		As at July 01, 2020	Charge for the period	As at June 30, 2021	
	----Rupees----			%	----Rupees----			
Furniture and fixtures	748,985	-	748,985	15	311,184	64,992	376,176	372,809
Computers	1,212,980	-	1,212,980	30	848,820	109,228	958,048	254,933
Office equipment	739,852	-	739,852	15	317,580	64,036	381,616	358,236
	2,701,817	-	2,701,817		1,477,584	238,256	1,715,840	985,977

		Note	(Un-Audited) September 30, 2021 Rupees	(Audited) June 30, 2021 Rupees
5.	**Intangible assets**			
	LSE room		**4,640,225**	4,640,225
	Trading Right Entitlement Certificate (TREC)		**2,500,000**	2,500,000
			7,140,225	7,140,225
6.	**Long term security deposits**			
	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**	1,490,491
	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**	1,500
			8,192,027	3,091,991
7.	**Long term investment**			
	Available for Sale			
	843,975 (June-2021: 843,975) shares of LSE Financial Services Limited		**20,533,912**	20,533,912
	Cost		**20,533,912**	19,605,539
	Revaluation gain during year		**-**	928,373
			20,533,912	20,533,912
8.	**Trade debts**			
	- Considered good		**13,611,831**	32,655,884

This includes Rs. 496,535/- (June-2021: Rs.1,565,134/-) receivable from related parties.

		Note	(Un-Audited) September 30, 2021 Rupees	(Audited) June 30, 2021 Rupees
9.	**Advances , prepayments & other receivables**			
	Advances to suppliers		**28,990**	28,990
	Prepayment		**91,426**	1,426
	Exposure deposit - NCCPL	9.1	**26,400,000**	33,400,000
	Accrued markup		**124,848**	180,149
			26,645,264	33,610,565

9.1 This includes Rs. 26,400,000/- (June-2021: 33,400,000) given to NCCPL against ready and future exposure for trade activity.

			(Un-Audited) September 30, 2021 Rupees	(Audited) June 30, 2021 Rupees
10.	**Tax due from Government**			
	Tax refund due from Government		**2,752,370**	1,822,405
	Advance tax paid during the period		**118,824**	929,965
			2,871,194	2,752,370

		Note	(Un-Audited) Jan-00 Rupees	(Audited) Jan-00 Rupees
11.	**Cash and bank balances**			
	Cash at hand		**15,000**	-
	Cash at bank			
	Saving account		**2,774,273**	2,391,307
	Current account		**37,247,709**	25,932,572
			40,036,982	28,323,879

This includes Rs. 2,343,887/- (June-2021: Rs.2,124,155/-) provident fund balance held in designated bank account.

		Note	(Un-Audited) Jan-00 Rupees	(Audited) Jan-00 Rupees
12.	**Share Capital**			
	Authorized			
	20,000,000 (June-2021: 20,000,000) ordinary shares of Rs.10 each		**200,000,000**	200,000,000
12.1.	**Issued, subscribed and Paid up**			
	7,650,000 (June-2021: 7,650,000) ordinary shares of Rs.10 each fully paid-up in cash		**76,500,000**	76,500,000
13.	**Trade and other payables**			
	Trade payables		**33,303,719**	43,688,984
	Others payable	13.1.	**4,560,071**	5,705,807
			37,863,790	49,394,791
13.1	**Others payable**			
	Accrued liabilities		**2,461**	2,461
	Provident fund payable		**2,442,711**	2,210,988
	Other payables		**1,854,899**	3,232,358
	Audit fee payable		**260,000**	260,000
			4,560,071	5,705,807

14. **Contingencies and commitments**

There are no material contingencies and commitments at the balance sheet date.

		Note	03 Month Ended Sept 30, 2021 Rupees	03 Month Ended Sept 30, 2020 Rupees
15.	**Brokerage income**			
	Commission income - Regular & Future		**6,648,679**	5,051,308
	Commission income - MF		**247,714**	
			6,896,393	5,051,308
16.	**Administrative & operative expenses**			
	Salaries, allowances and other benefits		**2,594,724**	2,230,881
	Sales reward allowance		**1,290,825**	807,269
	Shariah advisor fee		**150,000**	150,000
	Rent, rates and taxes		**18,173**	12,730
	Repairs and maintenance		**62,756**	61,151
	Utilities		**176,743**	148,946
	Fees & subscription		**94,153**	82,993
	PSX, clearing house and CDC charges, etc.		**346,131**	273,442
	Insurance charges		**3,204**	2,689
	Travelling and conveyance		**7,150**	3,260
	Depreciation		**46,533**	59,564
	Communication, printing and stationery		**55,824**	38,796
	Legal and professional charges		**47,250**	64,500
	Marketing expenses		**63,000**	40,000
	Entertainment		**45,391**	31,272
	Misc. expenses		**2,550**	13,700
			5,004,407	4,021,193
17.	**Bank Charges**			
	Bank charges		**3,010**	3,090
	FED charges		**482**	495
			3,492	3,585
18.	**Other income**			
	Income from financial assets			
	Profit on bank deposit		**1,860**	172,569
	Margin finance income		**140,721**	167,843
	Return on exposure deposit with PSX		**370,670**	178,224
	commission receivable on MF		**-**	42,755
	income receivable on MF		**-**	86,529
	Misc income		**5,333**	-
			518,585	**647,920**

		03 Month Ended Sept 30, 2021	03 Month Ended Sept 30, 2020
		Rupees	Rupees

19. Taxation

	Note	03 Month Ended Sept 30, 2021 Rupees	03 Month Ended Sept 30, 2020 Rupees
Current period	18.1	409,203	63,141
Deffered tax		-	-
		409,203	63,141

19.1 Relationship between federal tax expense and accounting profit

There is no relationship between tax expense and accounting profit since the Company's profit are subject to tax under the alternate corporate tax for the current year. Accordingly, no numerical reconciliation has been presented.

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:

	Chief Executive		Executives	
	03 Month Ended Sept 30, 2021	03 Month Ended Sept 30, 2020	03 Month Ended Sept 30, 2021	03 Month Ended Sept 30, 2020
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	739,200	660,000	1,102,425	941,250
Other benefits	256,797	242,415	15,000	15,000
Provident fund	38,484	34,362	57,396	38,850
	1,034,481	936,777	1,174,821	995,100
No. of persons	1	1	5	5

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:

Relationship with the Company	Nature of transactions	03 Month Ended Sept 30, 2021 Rupees	03 Month Ended Sept 30, 2020 Rupees
Parent Company			
The Bank of Punjab	Commission income	668,450	804,284
Key management personnel			
Chief Executive Officer	Commission paid to PCS	321,890	361,963
Head of Operations	Commission paid to PCS	856	15,833
Senior Risk Manager	Commission paid to PCS	690	845
Head of Internal Audit	Commission paid to PCS	3,611	278

22. **Provident fund and related disclosures**

	(Un-Audited) September 30, 2021 Rupees	(Audited) June 30, 2021 Rupees
Size of the fund	**2,442,711**	2,210,988
Cost of investments made	**-**	-
Percentage of investments made	**-**	-
Fair value of investments	**-**	-

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. Documents has been submitted in the FBR department for registration.

23. **No. of employees**

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

	(Un-Audited) September 30, 2021 Number	(Audited) June 30, 2021 Number
Number of employees	**12**	12
Average number of employees	**12**	11

24. **Date of authorization**

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

25. **General**

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE OFFICER **DIRECTOR**