Horizon Securities Limited

Financial Statements

Year ended 30 June 2021

Audited

Directors' Report

On behalf of the Board of Directors of Horizon Securities Limited, we are pleased to present the Audited Annual Financial Statements of your Company for the year ended on June 30, 2021 together with auditor's report thereon.

Economic Review

On the economic side, Pakistan has seen a strong rebound in FY2021 and achieved a GDP growth rate of 3.9%. Industries especially those related to the textile sector, were running near full. Public Sector Development Programme (PSDP) played a pivotal role with a historic 106% utilization level, which was further aided by the introduction of the Pakistan Housing Scheme. The Roshan Digital Accounts (RDA) enabled the Pakistani diaspora to stay connected with the nation and generated FX support. Having successfully navigated through a challenging period. Pakistan was setting new records in terms of historic high FX reserves (USD 24.4 billion), record remittances (USD 29.4 billion), record exports (USD 25.6 billion), lowest CAD in 10yrs (USD 1.9 billion), record LSMI output growth (+14.6% YoY), record auto loans (PKR 308 billion), record cement sales (57.4 million tons) as well as the highest ever electricity generation (130,223 GWh). This all solidified a turnaround story of Pakistan and were the underpinnings for the KSE100 to be trading at multi-year highs in terms of performance, average daily traded value, and volumes

Equity Market Review

The outgoing FY21 had been stellar with gains of +38%. KSE100 index added a total of 12,952pts during FY21. Due to improving business conditions, investor confidence was restored which resulted in average traded volumes at the bourse more than doubling from 196 mn shares in FY20 to 528 mn shares in FY21 (2.6x YoY). Similarly, average traded value both in PKR and USD tripled from PKR 10.3 trillion in FY20 to PKR 27.8 trillion in FY21, and USD 65.5 million to USD 173.3 million in FY21. Post attainment of MSCI Emerging Market status, foreigners had remained net sellers. FY21 was no different, with foreigners net selling USD 387 million worth of equities. The selling of USD 524 million was mainly absorbed by Individuals, Corporates, and Other Organizations (particularly

government pension funds), who invested USD 332 million, USD 138 million, and USD 45 million respectively, aggregating to USD 515 million. 4QFY21 saw the Insurance Sector as the major seller amongst locals with an outflow of USD 63 million aided by foreigners who net sold USD 93 million worth of stocks. The emergence of individuals as the largest net buyers of Pakistan equities reflected the ample domestic liquidity and confidence in Pakistan's turnaround.

Company's Financial Overview

Following are the comparative financial results for the year 2021 and 2020

	2021	**2020**
	Rs.	Rs.
Gross Revenue	35,699,879	22,358,532
Profit before tax	11,924,540	3,868,791
Profit after tax	10,487,026	3,102,063
Total Equity	161,126,201	149,710,802
Earning per share	0.75	0.22

We are pleased to report that, your Company's performance during the year ended on June 30, 2021, was quite satisfactory and the revenues jumped to Rs. 35,699,879 (2020: Rs 22,358, 532). This increase in revenue was mainly due to rise in brokerage commission, along with Profits from funds placement in Margin Financing and Margin Trading and profits from portfolio investment which were Rs 327,392 (2020: Loss Rs 418,943). The admin and operating expenses also increased to Rs. 22,926,150 (2020.Rs. 16,310,312) mainly due to increase in salary expense as a result of rise in the brokerage commission In bottom line we report a profit of Rs 10,487,026 (2020: Rs 3,102,063). The Company earned profit per share of Rs. 0..75 as compared to profit of Rs.0.22 per share of last year.The Management is confident to continue this momentum of growth in coming years

Keeping in view the funds requirement of the Company the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserve

Corporate and Financial Reporting Framework

The directors are pleased to report that:

- The following were directors of the Company during the year
    - Dr. Zafar Iqbal
    - Mr. Afraz Zafar
    - Mrs. Abida Zafar
- Risks are innate in the financial services business and include elements such as liquidity, market, credit, operational, legal, regulatory and reputational risks. HSL risk management governance starts at the Board, which plays an integral role in reviewing and approving risk management policies and practices. Accordingly, the Management, with the approval of the Board has initiated comprehensive risk management processes through which it monitors, evaluates and manages the risks that are assumed in conducting the activities. A rigorous framework of limits is applied to control risk across multiple transactions, products, businesses and markets in which the Company carries out transactions. This includes setting credit and market risk limits at a variety of levels and monitoring these limits on a regular basis
- Mr. Afraz Zafar, Director, decided to not draw the salary with effect from July, 2019.
- During the year there have been no change in the nature of the business of the Company
- The auditor's report does not contain any reservation, observation, qualification or any adverse remarks.
- The pattern of shareholding as on June 30, 2021 is attached.
- The profit per share is of Rs. 0.75 as compared Rs. 0.22 per share of last year
- The future prospects of your Company are very encouraging on account of the Management's efforts in recovering receivables and through wider participation in all its business segments. The Company is striving to yield better volumes from its existing clientele as well as prospective, by expanding and growing relationships with them through the Company's premium suite of services. The Management is

buoyant that the Company's business will demonstrate lucrative results, as the economy and the market are improving.

- The company has not made or likely to be made any default in the payments of its debts or obligations
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There have been no material changes since June 30, 2021 and the company has not entered into any commitment, which would affect its financial position at the date.
- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- There are no doubts upon the Company's ability to continue as going concern.
- There is not material statutory payment outstanding on account of taxes, duties, levies and charges.

Auditors

The present Auditors Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, will retire on the conclusion of Annual General Meeting and has offered their services for the year ending on June 30, 2022. The Board has recommended the re-appointment of Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as auditors of the Company for the year ending on June 30, 2022, at a fee to be mutually agreed

Acknowledgement

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We also record our appreciation and thanks to our Bankers, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan, National Clearing Company of Pakistan Limited and the Management of Pakistan Stock Exchange Limited for their continued support and guidance for the growth of Company.

Dr. Zafar Iqbal
(Chairman & CEO)

Abida Zafar
(Director)

Place: Lahore
Date: 30-Sep-2021

STATEMENT OF COMPLIANCE
WITH THE CORPORATE GOVERNANCE CODE FOR THE SECURITIES BROKER
FOR THE YEAR ENDED ON JUNE 30, 2021

This statement is being presented to certify the compliance with the Corporate Governance Code for Securities Broker ("Code") contained in annexure D of the Securities Broker (Licensing and Operations) Regulations, 2016 for the purpose of establishing a framework of good governance, whereby a securities broker is managed in compliance with the best practices of corporate governance. We hereby confirm that during the year ended on June 30, 2021 the Company has made the compliance of all material principles contained in the Code

Dr. Zafar Iqbal
(Chairman & CEO)

Abida Zafar
(Director)

Place: Lahore
Date: 30-Sep-2021

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I, Dr. Zafar Iqbal, Chief Executive Officer of the Horizon Securities Limited, hereby certify that there were no transactions entered into by the Horizon Securities Limited during the year ended on June 30, 2021 which were fraudulent, illegal or in violation of any securities market laws

Dr. Zafar Iqbal
Chairman & CEO

Place: Lahore
Date: 30-Sep-2021

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

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Lahore - 54770, Pakistan.

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INDEPENDENT AUDITOR'S REPORT

To the members of HORIZON SECURITIES LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **HORIZON SECURITIES LIMITED** ['the Company'], which comprise the statement of financial position as at **30 June 2021**, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes 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 30 June 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Director's 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 is responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is nót a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

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

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

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 these financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore*: 30 September 2021*

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ * CHARTERED ACCOUNTANTS

HORIZON SECURITIES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	2,681,262	10,308,288
Right-of-use assets	7	7,256,778	9,202,689
Intangible assets	8	2,500,000	2,500,000
Long term investments	9	20,533,912	19,605,539
Long term deposits	10	1,680,000	1,680,000
		34,651,952	43,296,516
CURRENT ASSETS			
Trade receivables	11	27,176,167	215,238,034
Investment in margin financing	12	4,227,018	4,614,490
Investment in margin trading	13	8,990,081	-
Short term deposits	14	25,573,593	19,287,181
Advances and other receivables	15	67,765,034	67,613,187
Short term investments	16	744,328	2,331,989
Current taxation	17	4,068,050	4,960,210
Bank balances	18	36,167,875	31,149,606
		174,712,146	345,194,697
CURRENT LIABILTIES			
Trade and other payables	19	(41,199,855)	(230,406,693)
Current portion of non-current liabilities		(1,833,514)	(1,415,830)
		(43,033,369)	(231,822,523)
NET CURRENT ASSETS		131,678,777	156,668,690
NON-CURRENT LIABILITIES			
Lease liabilities	20	(5,204,528)	(6,957,888)
		(5,204,528)	(6,957,888)
NET ASSETS		161,126,201	149,710,802
REPRESENTED BY:			
SHARE CAPITAL			
Authorized share capital	21	200,000,000	200,000,000
Issued share capital	22	139,650,000	139,650,000
Capital reserve	23	(7,661,278)	(8,589,651)
Retained earnings		29,137,479	18,650,453
TOTAL EQUITY		161,126,201	149,710,802
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY		161,126,201	149,710,802

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

RSRIR
for identification only

HORIZON SECURITIES LIMITED

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	Rupees
Brokerage and commission		32,208,346	15,415,978
Dividend income		626,830	726,893
Interest on margins/exposure deposits		1,412,093	1,771,127
Return on margin financing		754,273	190,682
Return on margin trading		212,664	-
Gain on disposal of short term investments		327,392	-
Reversal of impairment allowance of expected credit losses	12.2	158,281	4,253,852
Net revenue		35,699,879	22,358,532
Administrative expenses	25	(22,926,150)	(16,310,312)
		12,773,729	6,048,220
Changes in fair value of financial assets at fair value through profit or loss	16	12,411	(418,943)
		12,786,140	5,629,277
Finance cost	26	(1,104,326)	(1,168,347)
Other income/(expenses) - *net*	27	242,726	(592,139)
Profit before taxation		11,924,540	3,868,791
Provision for taxation		(1,437,514)	(766,728)
Profit after taxation		10,487,026	3,102,063
Earnings per share - *basic and diluted*	29	0.75	0.22

The annexed notes 1 to 45 form an integral part of these financial statements.

Abida

Director

Mahmud

Chief Executive

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for identification only

HORIZON SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
Profit after taxation		10,487,026	3,102,063
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss			
Financial assets at fair value through OCI	9	928,373	447,306
Taxation relating to financial assets at fair value through OCI		-	-
		928,373	447,306
Other comprehensive income after taxation		928,373	447,306
Total comprehensive income		11,415,399	3,549,369

The annexed notes 1 to 45 form an integral part of these financial statements.

Abida

Director

Chief Executive

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HORIZON SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Capital reserves	Revenue reserves	
	Issued share capital	Reserve for financial assets measured at FVTOCI	Retained earnings	Total equity
	Rupees	Rupees	*Rupees*	*Rupees*
As at 01 July 2019	139,650,000	(9,036,957)	15,548,390	146,161,433
Comprehensive income				
Profit after taxation	-	-	3,102,063	3,102,063
Other comprehensive income	-	447,306	-	447,306
Total comprehensive loss	-	447,306	3,102,063	3,549,369
Transactions with owners	-	-	-	-
As at 30 June 2020	139,650,000	(8,589,651)	18,650,453	149,710,802
As at 01 July 2020	**139,650,000**	**(8,589,651)**	**18,650,453**	**149,710,802**
Comprehensive income				
Profit after taxation	-	-	**10,487,026**	**10,487,026**
Other comprehensive income	-	**928,373**	-	**928,373**
Total comprehensive income	-	**928,373**	**10,487,026**	**11,415,399**
Transactions with owners	-	-	-	-
As at 30 June 2021	**139,650,000**	**(7,661,278)**	**29,137,479**	**161,126,201**

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

RSRIR
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HORIZON SECURITIES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30-Jun-21	30-Jun-20
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	30	(5,165,887)	(4,204,151)
Payments for:			
Finance cost		(652,040)	(465,927)
Income tax		(545,354)	(706,058)
Net cash used in operating activities		(6,363,281)	(5,376,136)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of short term investments		(10,881,664)	(1,735,049)
Proceeds from disposal of short term investments		12,809,128	(3,550)
Dividend received		626,830	726,893
Purchase of property, plant and equipment		(281,705)	(321,000)
Proceeds from disposal of property, plant and equipment		11,000,000	-
Net cash generated from/(used in) investing activities		13,272,589	(1,332,706)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(1,891,039)	(3,070,156)
Net cash used in financing activities		(1,891,039)	(3,070,156)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,018,269	(9,778,998)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		31,149,606	40,928,604
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	36,167,875	31,149,606

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

RSRIR
for identification only

HORIZON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1 LEGAL STATUS AND OPERATIONS

Horizon Securities Limited ['the Company'], a partially owned subsidiary of Bakhsh Holding (Private) Limited, was incorporated in Pakistan on 08 January 2007 as a Single Member Company under the repealed Companies Ordinance, 1984. The Company was incorporated pursuant to the corporatisation policy of the Securities and Exchange Commission of Pakistan ['SECP'] to enable the individual members of stock exchanges to transfer their membership along with all entitlements related thereto to a corporate entity. The status of the Company was first converted into a Private Limited Company with effect from 27 May 2011 and subsequently a Public Limited Company with effect from 27 June 2011. The principal activity of the Company is to carry on the business of stock brokerage, underwriting and investments. The registered office of the Company is situated at 2nd Floor, Plaza 79-A, Bankers Cooperative Housing Society, Lahore in the Province of Punjab.

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'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost

2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. 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 and in any future periods affected.

2.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 5.5.2)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured

at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Significant increase in credit risk (see note 34.1)

As explained in note 34.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 5.22.1)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 4.313 million (2020: Rs. 23.107 million).

(b) Taxation (see note 5.17)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax and tax contingencies. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These financial statements were authorized for issue on 30 September, 2021 by the Board of Directors of the Company.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 Definition of Material (Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 COVID-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	01 January 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Amendments to IFRS 17	01 January 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases).	01 January 2021
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023

Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)	01 April 2021
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property, plant and equipment

Property and equipment assets held for use in the supply of services or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated.

Assets in the course of construction for supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company’s accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in statement of income and expenditure, using rates specified in note 6, so as to write off the cost of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method, with the exception of right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method. Depreciation commences from the month in which the item is ready for intended use and is discontinued from the month in which the asset is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A property and equipment asset is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of income and expenditure.

5.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in statement of income and expenditure, over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

5.3 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized in profit or loss.

5.4 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting and reporting standards as

applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.5 Financial instruments

5.5.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.5.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a) Financial assets at amortized cost

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and 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.

(b) Financial assets at fair value through other comprehensive income

These are :

(i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and 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; and

(ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

(c) Financial assets at fair value through profit or loss

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(d) Financial liabilities at amortized cost

These are financial liabilities which are not derivates, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

5.5.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

5.5.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

5.5.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.5.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

5.6 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.7 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in profit or loss.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of use asset is recognized in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

5.8 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

5.9 Trade and other payables

5.9.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.9.2 Non-financial liabilities

These, on initial recognition and subsequently, are measured at cost.

5.10 Trade and other receivables

5.10.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade receivables that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.10.2 Non-financial assets

These, on initial recognition and subsequently, are measured at cost.

5.11 Investments in listed equity securities

Investments in listed equity securities are classified as 'financial assets at fair value through profit or loss'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in profit or loss. Gains and losses on de-recognition are recognized in profit or loss. Dividend income is recognized in profit or loss when right to receive payment is established.

5.12 Investments in unlisted equity securities

Investments in unlisted equity securities are classified as 'financial assets at fair value through other comprehensive income'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in other comprehensive. Cumulative gains and losses from changes in fair value recognized in other comprehensive income are transferred to accumulated profits on derecognition. Dividend income is recognized in profit or loss when right to receive payment is established.

5.13 Investments in mutual funds

Investments in mutual funds are classified as 'financial assets at fair value through profit or loss'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in profit or loss. Gains and losses on de-recognition are recognized in profit or loss. Dividend income is recognized in profit or loss when right to receive payment is established.

5.14 Contracts with Customers

5.14.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue from a contract with customer when the Company satisfies an obligation specified in that contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Source of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Brokerage income	Performance obligations are satisfied when trades are executed by or on behalf of customer. Payments are typically due on settlement.	Revenue is recognised at a point in time when trades are executed by or on behalf of customers.

Return on margin financing/trading	Performance obligations are satisfied over time as credit is utilized by customer. Payments are typically due on settlement.	Revenue is recognised over time as credit is utilized by customer.

5.14.2 Contract assets

Contract assets represent work performed upto the reporting date which has not been invoiced to customers because the related performance obligations remain partially unsatisfied as at the reporting date.

5.14.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

5.15 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

5.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

5.17 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

5.17.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.17.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.18 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

5.20 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that 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. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.21 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company is a single operating segment based on internal reporting to the Chief Executive Officer of the Company.

5.22 Impairment

5.22.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade receivables, for which the Company recognises lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

5.22.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

HORIZON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6 PROPERTY AND EQUIPMENT

	30-Jun-21										
	COST					DEPRECIATION					Net book value as at 30-Jun-21
	As at 01-Jul-20 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at 30-Jun-21 *Rupees*	Rate	As at 01-Jul-20 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 30-Jun-21 *Rupees*	*Rupees*
Freehold land	**6,000,000**	**-**	**(6,000,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Furniture and fixtures	**953,599**	**-**	**-**	**-**	**953,599**	**10**	**660,924**	**29,267**	**-**	**690,191**	**263,408**
Office equipment	**1,709,751**	**151,205**	**-**	**-**	**1,860,956**	**10**	**804,444**	**100,608**	**-**	**905,052**	**955,904**
Electric installations and equipmen	**472,917**	**36,000**	**-**	**-**	**508,917**	**10**	**325,340**	**16,854**	**-**	**342,194**	**166,723**
Computer	**2,097,308**	**94,500**	**-**	**-**	**2,191,808**	**30**	**1,686,261**	**136,270**	**-**	**1,822,531**	**369,277**
Vehicles	**9,830,926**		**(5,210,080)**	**-**	**4,620,846**	**20**	**7,279,244**	**370,911**	**(3,955,259)**	**3,694,896**	**925,950**
	21,064,501	**281,705**	**(11,210,080)**	**-**	**10,136,126**		**10,756,213**	**653,910**	**(3,955,259)**	**7,454,864**	**2,681,262**

	30-Jun-20										
	COST					DEPRECIATION					Net book value as at 30-Jun-20
	As at 01-Jul-19 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at 30-Jun-20 *Rupees*	Rate	As at 01-Jul-19 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 30-Jun-20 *Rupees*	*Rupees*
Freehold land	6,000,000	-	-	-	6,000,000		-	-	-	-	6,000,000
Furniture and fixtures	953,599	-	-	-	953,599	10	628,404	32,520	-	660,924	292,675
Office equipment	1,457,251	252,500	-	-	1,709,751	10	720,219	84,225	-	804,444	905,307
Electric installations and equipmen	472,917	-	-	-	472,917	10	308,942	16,398	-	325,340	147,577
Computer	2,028,808	68,500	-	-	2,097,308	30	1,528,473	157,788	-	1,686,261	411,047
Vehicles	9,830,926	-	-	-	9,830,926	20	6,641,324	637,920	-	7,279,244	2,551,682
	20,743,501	321,000	-	-	21,064,501		9,827,362	928,851	-	10,756,213	10,308,288

6.1 Freehold land of the Company was located at District Lahore with a total area of 1 Kanal 6 Marla.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6.2 Disposal of property and equipment

	30-Jun-21						
Particulars	**Cost**	**Accumulated depreciation**	**Net book value**	**Disposal proceeds**	**Gain/(loss) on disposal**	**Mode of disposal**	**Particulars of buyer**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***		
Freehold land							
1 Kanal 6 Marla	**6,000,000**	**-**	**6,000,000**	**6,500,000**	**500,000**	**Company Policy**	**Dr. Zafar Iqbal, Lahore.**
Vehicles							
Toyota Fortuner	**5,210,080**	**3,955,259**	**1,254,821**	**4,500,000**	**3,245,179**	**Insurance claim**	**EFU Insurance, Lahore.**
	11,210,080	**3,955,259**	**7,254,821**	**11,000,000**	**3,745,179**		

6.2.1 There was no disposal made during the year ended 30 June 2020.

7 RIGHT-OF-USE ASSETS

30-Jun-21

	COST						DEPRECIATION				Net book
	As at 01-Jul-20	**Additions**	**Adjustment**	**Transfers**	**As at 30-Jun-21**	**Rate**	**As at 01-Jul-20**	**For the year**	**Adjustment**	**As at 30-Jun-21**	**value as at 30-Jun-21**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***		***Rupees***	***Rupees***	***Rupees***	***Rupees***	***Rupees***
Vehicles	**6,567,000**	**-**	**-**	**-**	**6,567,000**	**20**	**656,700**	**1,182,060**	**-**	**1,838,760**	**4,728,240**
Office premises	**4,203,052**	**-**	**131,588**	**-**	**4,334,640**	**20**	**910,663**	**866,928**	**28,511**	**1,806,102**	**2,528,538**
	10,770,052	**-**	**131,588**	**-**	**10,901,640**		**1,567,363**	**2,048,988**	**28,511**	**3,644,862**	**7,256,778**

30-Jun-20

	COST						DEPRECIATION				Net book
	As at 01-Jul-19	Additions	Adjustment	Transfers	As at 30-Jun-20	Rate	As at 01-Jul-19	For the year	Adjustment	As at 30-Jun-20	value as at 30-Jun-20
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Vehicles	-	6,567,000	-	-	6,567,000	20	-	656,700	-	656,700	5,910,300
Office premises	4,203,052	-	-	-	4,203,052	20	70,051	840,612	-	910,663	3,292,389
	4,203,052	6,567,000	-	-	10,770,052		70,051	1,497,312	-	1,567,363	9,202,689

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
8 INTANGIBLE ASSETS			
Gross carrying amount	*8.1*	**5,000,000**	5,000,000
Accumulated impairment		**(2,500,000)**	(2,500,000)
		2,500,000	2,500,000

8.1 This represents Trading Rights Entitlement Certificate ['TREC'] received from Lahore Stock Exchange Limited, now Pakistan Stock Exchange Limited ['PSX'] in accordance with the requirements of the Stock Exchange (Corporation, Demutualization and Integration) Act, 2012.

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
9 LONG TERM INVESTMENTS			
LSE Financial Services Limited			
843,975 (2020: 843,975) ordinary shares of Rs. 33.41 each			
Cost of investment	*9.1*	**28,195,190**	28,195,190
Changes in fair value		**(7,661,278)**	(8,589,651)
		20,533,912	19,605,539

9.1 These represents 843,975 ordinary shares in LSE Financial Services Limited ['LSE']. Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the ownership rights in a stock exchange were segregated from the right to trade on that stock exchange. This arrangement resulted in allocation of 843,975 ordinary shares at Rs. 10 each and Trading Rights entitlement Certificate to the company against cancelation/surrender of membership of Lahore Stock Exchange.

The right to proceeds from disposal of these shares and any dividend/bonus is respect of these shares is vested with the Company, however voting rights attached to these shares are suspended. The investment was designated as 'Available for sale financial asset' on initial recognition and was carried at cost. As at 30 June 2019, the investment was reclassified as 'financial asset at fair value through OCI' with the changes in fair value recognized in other comprehensive income. These shares are valued at net assets value per share of LSE as at the reporting date.

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
10 LONG TERM DEPOSITS			
Central Depository Company of Pakistan Limited		**100,000**	100,000
National Clearing Company of Pakistan Limited		**1,400,000**	1,400,000
Other Deposits		**180,000**	180,000
		1,680,000	1,680,000

These represents security deposits for rented office premises and those placed with various regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	30-Jun-21	30-Jun-20
		Rupees	*Rupees*
11 TRADE RECEIVABLES			
Considered good	*11.2*	**43,130,962**	231,072,899
Gross amount due		**43,130,962**	231,072,899
Impairment allowance for expected credit losses	*11.3*	**(15,954,795)**	(15,834,865)
		27,176,167	215,238,034

11.1 Securities pertaining to the clients held in sub-accounts of the Company comprise 31,374,934 shares (2020: 84,068,076 shares)

valued at Rs. 375.82 million (2020: Rs. 328.03 million). 400,001 shares (2020: nil) valued at Rs. 30.998 million (Rs. nil) are pledged with NCCPL against margin exposure.

11.2 These include Rs. 1,813,825 (2020: Rs. 211,330,849) receivable from related parties against trading of shares carried out by them. The ageing of receivables from related parties is as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Due by less than 14 days		**868,272**	211,330,849
Due by more than 14 days		**945,553**	-
		1,813,825	211,330,849

11.3 Impairment allowance for expected credit loss

As at beginning of the year	**15,834,865**	20,388,860
Recognized/(Reversed) during the year	**3,502,453**	(4,412,133)
Write off during the year	**(3,382,523)**	(141,862)
As at end of the year	**15,954,795**	15,834,865

12 INVESTMENT IN MARGIN FINANCING

Considered good	*12.1*	**4,227,018**	4,772,771
		4,227,018	4,772,771
Impairment allowance for expected credit loss	*12.2*	**-**	(158,281)
		4,227,018	4,614,490

12.1 This represents margin financing extended to the Company's clients through National Clearing Company of Pakistan ['NCCPL']. This amount is secured against securities of clients held in house account. Margin financing is provided on Financing Participation Ratio of upto 75% and carries interest at rates ranging from 16.33% to 21.82% per annum.

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*

12.2 Impairment allowance for expected credit loss

As at beginning of the year	**158,281**	-
(Reversed)/Recognized during the year	**(158,281)**	158,281
As at end of the year	**-**	158,281

13 INVESTMENT IN MARGIN TRADING

This represents margin trading extended to the stock investor through NCCPL. This amount is secured against securities of investor held in separate house account. Margin trading is provided on Financing Participation Ratio of upto 85% and carries interest at rates ranging from 7.98% to 15.98% per annum. This amount represents Finance Participation Ratio ['FPR'] in Margin Trading System as at 30 June 2021.

14 SHORT TERM DEPOSITS

These represents deposits and margin with PSX and NCCPL.

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*

15 ADVANCES AND OTHER RECEIVABLES

Advances to employees		**381,000**	325,000
Advance against purchase of shares	*15.1*	**67,200,000**	67,200,000
Prepaid Insurance		**65,982**	74,228
Other receivables		**118,052**	13,959
		67,765,034	67,613,187

15.1 This represents advances paid to director of the Company for purchase of shares of Horizon High Yield (Private) Limited, a related party.

16 SHORT TERM INVESTMENTS

This represents investment in listed equity securities held for trading and mandatorily classified as "financial assets at fair value through profit or loss". Particulars of investments are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Investments in listed equity securities	*16.1*	**704,710**	2,294,588
Investments in mutual funds	*16.2*	**39,618**	37,401
		744,328	2,331,989

16.1 Investments in listed equity securities

	30-Jun-21		30-Jun-20	
	Carrying value	**Fair value**	Carrying value	Fair value
	Rupees	***Rupees***	*Rupees*	*Rupees*
Askari General Insurance Company Limited Nil (2020: 350) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 20.0) per share	**-**	**-**	6,253	7,000
Arif Habib Limited Nil (2020: 420) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 32.53) per share	**-**	**-**	13,285	13,663
Archroma Pakistan Limited Nil (2020: 20) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 589.4) per share	**-**	**-**	9,503	11,788
Al-Shaheer Corporation Limited Nil (2020: 461) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 11.44) per share	**-**	**-**	5,809	5,274
Crescent Star Insurance Limited Nil (2020: 100,000) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 1.88) per share	**-**	**-**	122,000	188,000
Dawood Hercules Corporation Limited 1,000 (2020: 1,000) ordinary shares of Rs. 10 each Market value: Rs. 115.02 (2020: Rs. 127.92) per share	**127,920**	**115,020**	111,240	127,920
Engro Corporation Limited 1,000 (2020: 1,100) ordinary shares of Rs. 10 each Market value: Rs. 294.61 (2020: Rs. 292.92) per share	**292,920**	**294,610**	292,160	322,212
Engro Polymer and Chemicals Limited Nil (2020: 110) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 24.98) per share	**-**	**-**	2,966	2,748
Frieslandcampins Engro Foods Limited 1,000 (2020: 1,000) ordinary shares of Rs. 10 each Market value: Rs. 115.08 (2020: Rs. 73.51) per share	**73,510**	**115,080**	58,330	73,510
Feroze 1888 Mills Limited Nil (2020: 2,500) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: 81.8) per share	**-**	**-**	250,000	204,500
Gadoon Textile Mills Limited Nil (2020: 5,100) ordinary shares of Rs. 10 each				

Market value: Rs. Nil (2020: Rs. 159.51) per share	-	-	1,206,403	813,501

	30-Jun-21		30-Jun-20	
	Carrying value	**Fair value**	Carrying value	Fair value
	Rupees	***Rupees***	*Rupees*	*Rupees*
Ghani Global Holdings Limited Nil (2020: 98) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 15.73) per share	-	-	749	1,542
Ghani Glass Limited Nil (2020: 25) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 41.15) per share	-	-	1,099	1,029
GlaxoSmithKline (Pakistan) Limited Nil (2020: 100) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 174.08) per share	-	-	9,533	17,408
GlaxoSmithKline Consumer Healthcare Limited Nil (2020: 30) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 272) per share	-	-	5,790	8,150
IGI Life Insurance Company Limited Nil (2020: 4) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 28.01) per share	-	-	138	112
Jubilee General Insurance Limited Nil (2020: 156) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 41) per share	-	-	6,390	6,396
Javedan Corporation Limited Nil (2020: 88) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 22.5) per share	-	-	2,561	1,980
Kohinoor Mills Limited Nil (2020: 5,000) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: 5000.) per share	-	-	292,479	190,000
Mirpurkhas Sugar Mills Limited Nil (2020: 110) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 60) per share	-	-	7,000	6,588
Murree Brewery Company Limited Nil (2020: 66) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 580.) per share	-	-	50,400	38,280
Nishat Power Limited Nil (2020: 300) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 22.65) per share	-	-	8,262	6,795
PAKGEN Power Limited Nil (2020: 290) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 12.01) per share	-	-	4,112	3,483
Pakistan Services Limited 200 (2020: 200) ordinary shares of Rs. 10 each Market value: Rs. 900 (2020: Rs. 990) per share	**198,000**	**180,000**	204,000	198,000
Reliance Weaving Mills Limited Nil (2020: 1,000) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 23.) per share	-	-	24,490	23,000
The Searle Company Limited Nil (2020: 58) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 199.23) per share	-	-	8,500	11,555

Shell Pakistan Limited Nil (2020: 51) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 182.58) per share	-	-	9,305	9,312

	30-Jun-21		30-Jun-20	
	Carrying value	**Fair value**	Carrying value	Fair value
	Rupees	***Rupees***	*Rupees*	*Rupees*
United Distributors Pakistan Limited Nil (2020: 1) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 33.25) per share	-	-	30	33
United Insurance Company Limited Nil (2020: 111) ordinary shares of Rs. 10 each Market value: Rs. Nil (2020: Rs. 7.3) per share	-	-	845	810
	692,350	**704,710**	2,713,632	2,294,588

16.2 Investments in mutual funds

MCB Cash Management Optimizer 392.4119 units (2020: 370.9345 units) Market value: Rs. 100.9591 (2020: Rs. 100.8299) per share	**39,567**	**39,618**	37,300	37,401
	39,567	**39,618**	37,300	37,401

		Note	**30-Jun-21**	30-Jun-20
			Rupees	*Rupees*
17	**CURRENT TAXATION**			
	Advance income tax/income tax refundable		**5,629,135**	5,726,938
	Provision for taxation	*28*	**(1,561,085)**	(766,728)
			4,068,050	4,960,210
18	**BANK BALANCES**			
	Cash in hand		**6,663**	-
	Current accounts - *local currency*			
	Proprietary accounts		**13,314,074**	13,608,595
	Client accounts		**22,847,138**	17,541,011
			36,167,875	31,149,606
19	**TRADE AND OTHER PAYABLES**			
	Trade creditors		**38,131,968**	17,104,339
	Payable to NCCPL		**595**	210,497,626
	Accrued liabilities		**2,456,137**	2,620,424
	Punjab sales tax payable		**504,155**	165,896
	CVT payable		**-**	4,167
	Withholding tax payable		**107,000**	14,241
			41,199,855	230,406,693
20	**LEASE LIABILITIES**			
	Present value of minimum lease payments	*20.1 & 20.2*	**7,038,042**	8,373,718
	Current portion presented under current liabilities	*20.1 & 20.2*	**(1,833,514)**	(1,415,830)
			5,204,528	6,957,888

20.1 These represent liabilites against right-of-use assets comprising vehicles and office premises.

Vehicle leases are priced at six months KIBOR plus 6% (2020: six months KIBOR plus 6%) per annum. Lease rentals are payable monthly over a tenor of 5 years. The Company also has the option to acquire these vehicles at the end of their respective lease terms by adjusting the deposit amount against the residual value of the vehicles and intends to exercise the option. Under the terms

of agreement, taxes, repairs, replacements and insurance costs in respect of these vehicles are borne by the Company.

Lease of office premises has been recognized using a discount rate of 13.24% (2020: 19.01%) per annum. Lease rentals are payable monthly over the lease term of five years. Durring the year, the lessor waived the annual increase in lease rental to dampen the effect of COVID-19 resulting in decrease in future lease payments. The Company has remeasured the lease liability using the revised lease payments and discount rate resulting in a increase in the lease liability by Rs. 103,077 recognized as an adjustment to carrying amount of related right-of-use asset.

20.2 The amount of future payments under the lease arrangements and the period in which these payments will become due are as follows:

	Note	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Not later than one year		**2,647,191**	2,603,295
Later than one year but not later than five years		**6,013,893**	8,839,360
Total future minimum lease payments		**8,661,084**	11,442,655
Finance charge allocated to future periods		**(1,623,042)**	(3,068,937)
Present value of future minimum lease payments		**7,038,042**	8,373,718
Not later than one year		**(1,833,514)**	(1,415,830)
Later than one year but not later than five years		**5,204,528**	6,957,888

21 AUTHORIZED SHARE CAPITAL

30-Jun-21	30-Jun-20		**30-Jun-21**	30-Jun-20
No. of shares	*No. of shares*		***Rupees***	*Rupees*
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000,000**	200,000,000
20,000,000	20,000,000		**200,000,000**	200,000,000

22 ISSUED SHARE CAPITAL

		Ordinary shares of Rs. 10 each		
9,965,000	9,965,000	shares issued for cash	**99,650,000**	99,650,000
4,000,000	4,000,000	shares issued for other than cash	**40,000,000**	40,000,000
13,965,000	13,965,000		**139,650,000**	139,650,000

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
23 CAPITAL RESERVE		
Reserve for financial assets measured at FVTOCI	**(7,661,278)**	(8,589,651)
	(7,661,278)	(8,589,651)

24 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments as at the reporting date.

25 ADMINISTRATIVE EXPENSES

Salaries and benefits		**15,000,945**	8,820,201
Printing and stationery		**87,607**	131,845
Repair and maintenance		**418,819**	663,731
Auditor's remuneration	*25.1*	**295,000**	175,000
Fee and subscription		**546,965**	516,491
Legal and professional		**1,341,401**	851,539
Traveling and conveyance		**311,284**	505,458
Entertainment		**656,382**	662,916
Insurance		**276,808**	295,566
Communication		**583,689**	585,545
Electricity		**704,352**	675,857
Depreciation	*6*	**2,702,898**	2,426,163

	22,926,150	16,310,312

		Note	30-Jun-21	30-Jun-20
			Rupees	*Rupees*
25.1	**Auditor's remuneration**			
	Annual statutory audit		**200,000**	140,000
	Certifications		**85,000**	25,000
	Out of pocket expenses		**10,000**	10,000
			295,000	175,000
26	**FINANCE COST**			
	Interest on lease liabilities		**1,026,130**	1,147,965
	Bank charges		**78,196**	20,382
			1,104,326	1,168,347
27	**OTHER INCOME/(EXPENSES) - NET**			
	Gain/(loss) on financial instruments			
	Impairment allowance for expected credit losses		**(3,502,453)**	-
	Other financial assets written off		**-**	592,139
			(3,502,453)	592,139
	Other income			
	Gain on disposal of property, plant and equipment		**3,745,179**	-
			242,726	592,139
28	**PROVISION FOR TAXATION**			
	Current taxation			
	for current year	*28.1*	**1,561,085**	766,728
	for prior years		**(123,571)**	-
			1,437,514	766,728

28.1 Provision for current tax has been made under section 113 and section 150 (2020: section 113 and section 150) of the Income Tax Ordinance, 2001 ['the Ordinance'], accordingly no numerical reconciliation has been presented.

28.2 The income tax assessments of the Company up to and including tax year 2020 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance.

28.3 The Company has net deductible temporary differences amounting to Rs. 63.25 million (2020: Rs. 28.49) million as at the reporting date. Deferred tax asset of Rs. 23.16 million (2020: Rs. 7) million on these temporary differences has not been recognized as sufficient taxable profits are not expected to be available in future.

		Units	30-Jun-21	30-Jun-20
29	**EARNING PER SHARE - *BASIC AND DILUTED***			
	Profit attributable to ordinary shareholders	*Rupees*	**10,487,026**	3,102,063
	Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**13,965,000**	13,965,000
	Earning per share - *basic and diluted*	*Rupees*	**0.751**	0.222

There is no dilutive effect on the basic earnings per share of the Company.

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*

30 CASH USED IN OPERATIONS

Profit before taxation	**11,924,540**	3,868,791
Adjustments for non-cash and other items		
Depreciation	**2,702,898**	2,426,163
Impairment allowance for expected credit losses	**3,502,453**	-
Reversal of impairment allowance for expected credit losses	**(158,281)**	(4,253,852)
Other financial assets written off	**-**	592,139
Changes in fair value of financial assets at fair value through profit or loss	**(12,411)**	418,943
Gain on disposal of property, plant and equipment	**(3,745,179)**	-
Gain on disposal of short term investments	**(327,392)**	-
Dividend income	**(626,830)**	(726,893)
Finance cost	**1,104,326**	1,168,347
	2,439,584	(375,153)
	14,364,124	3,493,638
Changes in working capital		
Trade receivables	**184,559,414**	19,168,256
Investment in margin financing	**545,753**	(4,772,771)
Investment in margin trading	**(8,990,081)**	-
Short term deposits	**(6,286,412)**	(8,398,225)
Advances and other receivables	**(151,847)**	377,123
Trade and other payables	**(189,206,838)**	(14,172,172)
Long term deposits	**-**	100,000
	(19,530,011)	(7,697,789)
Cash used in operations	**(5,165,887)**	(4,204,151)

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*

31 CASH AND CASH EQUIVALENTS

Cash and bank balances	**36,167,875**	31,149,606
	36,167,875	31,149,606

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise key management personnel and their family members. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	**Nature of relationship**	**Basis of relationship**	**Aggregate %age of shareholding in the Company**
Zafar Iqbal	Key management personnel	Chief Executive	39.38%
Afraz Zafar	Key management personnel	Director	0.004%
Aliza Iqbal	Family member	Close family member of director	0.00%
Anzish Iqbal	Family member	Close family member of director	0.00%
Iqbal Bakhsh	Family member	Close family member of director	0.00%
Ammad Zafar	Family member	Close family member of director	0.00%
Sahr Said	Family member	Close family member of director	0.00%
Horizon High Yield (Private) Limite	Associated company	Common directorship	0.00%

Key management personnel do not draw any compensation from the Company. The Company in the normal course of business provides brokerage services to associated companies, key management personnel and their close family members at mutually agreed rates.

Details of transactions and balances with related parties are as follows:

	30-Jun-21	30-Jun-20

			Rupees	Rupees
32.1	**Transactions with related parties**			
	Nature of relationship	**Nature of transactions**		
	Key management personnel	Disposal of land	**6,500,000**	-
32.2	**Balances with related parties**			
	Key management personnel and their family members	Advance against purchase of shares	**67,200,000**	67,200,000
		Trade receivables	**1,813,825**	211,330,849
		Trade creditors	**314,626**	1,432,294

33 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

		Note	30-Jun-21	30-Jun-20
			Rupees	Rupees
33.1	**Financial assets**			
	Cash in hand		**6,663**	-
	Financial assets at amortized cost			
	Long term deposits	10	**1,680,000**	1,680,000
	Trade receivables	11	**27,176,167**	215,238,034
	Investment in margin financing	12	**4,227,018**	4,614,490
	Investment in margin trading	13	**8,990,081**	-
	Advances to employees	15	**381,000**	325,000
	Short term deposits	14	**25,573,593**	19,287,181
	Advance against purchase of shares	15	**67,200,000**	67,200,000
	Bank balances	18	**13,314,074**	13,608,595
			148,541,933	321,953,300
	Financial assets designated as fair value through OCI			
	Investments in unlisted equity securities	9	**20,533,912**	19,605,539
	Financial assets at fair value through profit or loss			
	Investments in listed equity securities	16	**704,710**	2,294,588
	Investments in mutual funds	16	**39,618**	37,401
			744,328	2,331,989
			169,826,836	343,890,828
33.2	**Financial liabilities**			
	Financial liabilities at amortized cost			
	Trade creditors	19	**38,131,968**	17,104,339
	Payable to NCCPL	19	**595**	210,497,626
	Accrued liabilities	19	**2,456,137**	2,620,424
	Lease liabilities	20	**7,038,042**	8,373,718
			47,626,742	238,596,107

34 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and

processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the company in accordance with the risk management

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

34.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

34.1.1 Credit risk management practices

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of customers and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 14 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 14 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the debtor has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

34.1.2 Exposure to credit risk

Credit risk principally arises from the Company's loans and receivables. The maximum exposure to credit risk as at the reporting date is as follows:

	Notes	**30-Jun-21**	30-Jun-20
		Rupees	*Rupees*
Financial assets at amortized cost			

Long term deposits	*10*	**1,680,000**	1,680,000
Trade receivables	*11*	**43,130,962**	231,072,899
Investment in margin financing	*12*	**4,227,018**	4,772,771
Investment in margin trading		**8,990,081**	-
Advances to employees	*15*	**381,000**	325,000
Short term deposits	*15*	**25,573,593**	19,287,181
Advance against purchase of shares	*15*	**67,200,000**	67,200,000
Bank balances	*18*	**13,314,074**	13,608,595
		164,496,728	337,946,446

34.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees	*Rupees*
Long term deposits	*10*	N/A	N/A	12-month ECL	1,680,000	-
Trade receivables	*11*	N/A	Performing	Lifetime ECL	43,130,962	15,954,795
Investment in margin financing	*12*	N/A	Performing	Lifetime ECL	4,227,018	-
Investment in margin trading	*13*	N/A	Performing	Lifetime ECL	8,990,081	-
Short term deposits	*14*	N/A	Performing	12-month ECL	25,573,593	-
Advances to employees	*15*	N/A	Performing	12-month ECL	381,000	-
Advance against purchase of shares	*15*	N/A	Performing	12-month ECL	67,200,000	-
Bank balances	*18*	A2 to A1+	N/A	12-month ECL	13,314,074	-
					164,496,728	**15,954,795**

(a) **Long term deposits**

These represents security deposits for rented office premises and those placed with various regulatory authorities. These deposits are substantially perpetual in nature having no fixed maturity. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) **Trade receivables**

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, all trade receivables are considered 'performing' including those past due for which no loss allowance has been made, as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade receivables as at the reporting date is as follows:

	30-Jun-21		30-Jun-20	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	***Rupees***	*Rupees*	*Rupees*
Due by less than 14 days	**26,079,038**	**424,756**	213,709,094	725,326
Due by more than 14 days	**17,051,924**	**15,530,039**	17,363,805	15,109,539
	43,130,962	**15,954,795**	231,072,899	15,834,865

(c) **Investment in margin financing**

For margin finance, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on investment in margin financing by using internal credit risk gradings. As at the reporting date, all investment in margin financing, except where impairment allowance has been made, are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of investment in margin financing as at the reporting date is as follows:

	30-Jun-21		30-Jun-20	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment

	Rupees	*Rupees*	*Rupees*	*Rupees*
Due by less than 14 days	**1,303,385**	**-**	2,915,125	158,281
Due by more than 14 days	**2,923,633**	**-**	1,857,646	-
	4,227,018	**-**	4,772,771	158,281

(d) **Investment in margin trading**

For margin trading, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on investment in margin trading by using internal credit risk gradings. As at the reporting date, all investment in margin trading, except where impairment allowance has been made, are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of investment in margin trading as at the reporting date is as follows:

	30-Jun-21		30-Jun-20	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	***Rupees***	*Rupees*	*Rupees*
Due by less than 14 days	**-**	**-**	-	-
Due by more than 14 days	**8,990,081**	**-**	-	-
	8,990,081	**-**	-	-

(e) **Advances to employees**

Advances to employees have been given against future salaries. Accordingly, these are considered to have no credit risk.

(f) **Short term deposits**

These deposits are placed with Pakistan Stock Exchange Limited and National Clearing Company of Pakistan Limited in accordance with the applicable regulations. These do not carry any credit risk and accordingly no loss allowance has been made.

(g) **Advance against purchase of shares**

The advance has been given to a director of the Company against purchase of shares. The transfer of shares is expected to be completed in the ensuing year. These advances do not carry any significant credit risk and accordingly no loss allowance has been made.

(h) **Bank balances**

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss.

34.1.4 Concentrations of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
Customers	**47,357,980**	235,845,670
Director	**67,200,000**	67,200,000
Regulatory authorities and others	**27,253,593**	20,967,181
Banking companies and financial institutions	**13,314,074**	13,608,595
	155,125,647	337,621,446

The Company's one (2020: one) significant customer accounts for Rs. 7.99 million (2020: Rs. 208.65 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2020: 10%) of trade receivables as at the reporting date. This significant customer has long standing business relationships with the Company and has a good payment record and accordingly non-performance by this customers is not expected. Management believes that trade receivables that are past due and for which no impairment allowance has been made, are collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

34.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade receivables, investment in margin financing and investment in margin trading amounting to Rs. 2.09 million, Rs. 2.92 million and Rs. 8.99 million (2020: Rs. 82.65

million, Rs. 4.61 million and Rs. Nil) respectively, which are secured through equity securities.

34.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 11.3 and 12.2.

34.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

34.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer.

34.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

	30-Jun-21				
	Carrying amount	**Contractual cash flows**	**One year or less**	**One to three years**	**More than three years**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***
Lease liabilities	**7,038,042**	**8,661,084**	**2,647,191**	**6,013,893**	**-**
Trade creditors	**38,131,968**	**38,131,968**	**38,131,968**	**-**	**-**
Payable to NCCPL	**595**	**595**	**595**	**-**	**-**
Accrued liabilities	**2,456,137**	**2,456,137**	**2,456,137**	**-**	**-**
	47,626,742	**49,249,784**	**43,235,891**	**6,013,893**	**-**

	30-Jun-20				
	Carrying amount	Contractual cash flows	One year or less	One to three years	More than three years
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Lease liabilities	8,373,718	11,442,655	2,603,295	8,358,728	480,632
Trade creditors	17,104,339	17,104,339	17,104,339	-	-
Payable to NCCPL	210,497,626	210,497,626	210,497,626	-	-
Accrued liabilities	2,620,424	2,620,424	2,620,424	-	-
	238,596,107	241,665,044	232,825,684	8,358,728	480,632

34.3 Market risk

34.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk.

34.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest bearing financial instruments

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

	30-Jun-21	30-Jun-20
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	**13,217,099**	4,772,771
Financial liabilities	**-**	-
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**7,038,042**	8,373,718

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 70,380 (2020: Rs. 83,737). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

34.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investments in equity securities.

(a) Equity price risk management

The Company manages equity price risk by investing a diversified portfolio of securities to reduce the risk of loss from volatility in equity price of an individual security.

(b) Sensitivity analysis

A one percent appreciation in prices of equity securities as at reporting date would have increased profit for the year by Rs. 212,782 (2020: Rs. 219,375). A one percent diminution in prices of equity securities as at the reporting date would have had equal but opposite effect on profit and equity. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

35 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. The Company has minimal reliance on external borrowings as it seeks to enjoy the advantages and security afforded by a sound capital position. The Company monitors capital based on the minimum capital/net-worth requirements of Regulation 6 of Securities Brokers (Licensing and Operations) Regulations 2016 for maintaining Net Capital Balance, Liquid Capital and Net-Worth/Capital Adequacy as prescribed. There was no change in the Company's approach to capital management during the year.

35.1 NET CAPITAL BALANCE

The Company’s net capital balance as on 30 June 2021 under Schedule II to the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Regulation 6 thereof is as follows:

	Rupees
CURRENT ASSETS	
Cash and bank balances	

Proprietary accounts	13,314,074
Client accounts	22,847,138
Cash in hand	6,663
	36,167,875
Investment in listed securities	
Market value	704,710
Less: 15% discount	(105,707)
	599,003
Securities purchased for customers	14,083,712
FIBs	-
Treasury bills	-
Exposure/margin deposits	25,573,593
Trade receivables	
Book value	56,348,061
Less: Overdue for more than 14 days	(28,965,638)
	27,382,423

TOTAL CURRENT ASSETS	**A**	**103,806,606**
		Rupees

CURRENT LIABILITIES

Trade payables		
Book value		38,131,968
Less: Overdue for more than 30 days		(10,947,952)
		27,184,016
Other liabilities		15,849,353
TOTAL CURRENT LIABILITIES	**B**	**43,033,369**
NET CAPITAL BALANCE	**A - B**	**60,773,237**

35.2 LIQUID CAPITAL

The Company's liquid capital as on June 30, 2021 under Schedule III to the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Regulation 6 thereof is as follows:

SR.	HEAD OF ACCOUNT	VALUE *Rupees*	HAIR CUT/ADJUSTMENTS	ADJUSTED VALUE *Rupees*
1	**ASSETS**			
1.1	Property and equipment	9,938,040	100.00%	-
1.2	Intangible assets	2,500,000	100.00%	-
1.3	Investment in Government securities	-	Sale value on the basis of PKRV published by NIFT	-
1.4	Investment in debt securities			
	Listed securities			
	Tenure up to 1 year	-	5.00%	-
	Tenure from 1 to 3 years	-	7.50%	-
	Tenure more than 3 years	-	10.00%	-
	Unlisted securities			
	Tenure up to 1 year	-	10.00%	-
	Tenure from 1 to 3 years	-	12.50%	-
SR.	**HEAD OF ACCOUNT**	**VALUE *Rupees***	**HAIR CUT/ADJUSTMENTS**	**ADJUSTED VALUE *Rupees***
	Tenure more than 3 years	-	15.00%	-
1.5	Investment in equity securities			

	Listed securities	704,710	Higher of 15% or VaR computed by SECP	518,003
	Unlisted securities	20,573,530	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	Investment in associated companies/undertakings			
	Listed securities	-	Higher of 20% or VaR computed by SECP	-
	Unlisted securities	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with exchanges, clearing houses, central depository or any other entity.	1,680,000	100.00%	-
1.9	Margin deposits with exchange and clearing house	25,573,593	0.00%	25,573,593
1.10	Deposits with authorized intermediary against borrowed securities under SLB	-	0.00%	-
1.11	Other deposits and prepayments	65,982	100.00%	-
1.12	Accrued interest/profit on amounts placed with financial institutions	-	0.00%	-
	on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivable	-	0.00%	-
1.14	Amount receivable against REPO financing	-	Amount paid has purchaser under REPO agreement (securities purchased under REPO arrangement excluded from investments)	-
1.15	Receivables other than trade receivables	73,204,616	100.00%	-
1.16	Receivables from clearing house or securities exchange(s)	21,928,852	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains. (Reported at lower of balance sheet value or adjusted value)	21,928,852
			claims on account of entitlements against trading of securities in all markets including MtM gains.	-
1.17	Receivables from customers against margin financing	4,227,018	Aggregate of (i) value of securities held in the blocked account after applying VaR based haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. (Reported at lower of balance sheet value or adjusted value)	4,227,018
	against margin trading	8,990,081	5.00%	8,540,577
	against securities borrowings under SLB trading		Amount paid to NCCPL as collateral upon entering the contract.	-
	other trade receivables not more than 5 days overdue	1,387,777	0.00%	1,387,777
	other trade receivables overdue by 5 days more	2,045,713	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. (Reported at lower of balance sheet value or adjusted value)	2,045,713
	receivable from related parties	1,813,825	100.00%	-
1.18	Cash and bank balances Bank balances			

SR.	**HEAD OF ACCOUNT**	**VALUE** *Rupees*	**HAIR CUT/ADJUSTMENTS**	**ADJUSTED VALUE** *Rupees*
	Proprietary accounts	13,314,074	0.00%	13,314,074

	Customer accounts	22,847,138	0.00%	22,847,138
	Cash in hand	6,663	0.00%	6,663
	Total Assets	**210,801,612**		**100,389,408**

2	**LIABILITIES**			
2.1	Trade payables			
	payable to exchanges and clearing house	595	0.00%	595
	payable against leveraged market	-	0.00%	-
	payable to customers	38,131,968	0.00%	38,131,968
2.2	Current liabilities			
	statutory and regulatory dues	611,155	0.00%	611,155
	accruals and other payables	2,456,137	0.00%	2,456,137
	short term borrowings	-	0.00%	-
	current portion of subordinated loan	-	0.00%	-
	current portion of long term liabilitie	1,833,514	0.00%	1,833,514
	deferred liabilities	-	0.00%	-
	provision for bad debts	-	0.00%	-
	provision for taxation	1,437,514	0.00%	1,437,514
	other liabilities	-	0.00%	-
2.3	Non-current liabilities			
	long term financing	5,204,528	100.00%	-
	staff retirement benefits	-	0.00%	-
	other liabilities	-	0.00%	-
2.4	Subordinated loans	-	100% for loans which fulfil the conditions specified by SECP	-
	Total Liabilities	**49,675,411**		**44,470,883**

3	**RANKING LIABILITIES**			
3.1	Concentration in margin financing	-	The amount calculated client-to- client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.	1,734,074
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) market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-
3.3	Net underwriting commitments in case of right issue	-	If the market value of securities is less than or equal to the subscription price; the aggregate of (i) the 50% of haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the haircut multiplied by the net underwriting.	-
	in any other case	-	12.50%	-
3.4	Negative equity of subsidiary	-	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-
3.5	Foreign exchange agreements and foreign currency positions	-	5% of the net position in foreign currency (difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency)	-
3.6	Amount payable under REPO	-	0.00%	-
3.7	REPO adjustment In case of financier/purchaser	-	Total amount receivable under REPO less the 110% of the market value of underlying securities.	-
SR.	**HEAD OF ACCOUNT**	**VALUE**	**HAIR CUT/ADJUSTMENTS**	**ADJUSTED VALUE**
		Rupees		***Rupees***

	In case of finance/seller	-	Market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-
3.8	Concentrated proprietary positions If the market value of any security is between 25% and 51% of the total proprietary positions	-	5% of the value of such security.	23,731
	If the market of a security exceeds 51% of the proprietary position	-	10% of the value of such security.	-
3.9	Opening positions in futures and options In case of customer positions	-	Total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-
	In case of proprietary positions	-	Total margin requirements in respect of open positions to the extent not already met	-
3.10	Short sell positions In case of customer positions	-	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.	-
	In case of proprietary positions	-	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.	-
	Total Ranking Liabilities	**-**		**1,757,805**

SUMMARY

Total Assets	**210,801,612**	**100,389,408**
Less: Total Liabilities	**49,675,411**	**44,470,883**
Less: Total Ranking Liabilities	**-**	**1,757,805**
Liquid Capital	**161,126,201**	**54,160,720**

35.3 NET WORTH/CAPITAL ADEQUACY

The Company's net worth as on 30 June 2021 under Regulation 6 of the Securities Brokers (Licensing and Operations) Regulations, 2016 and capital adequacy level as required by Central Depository Company of Pakistan Limited is as follows:

	Rupees
Total assets	**209,364,098**
Total liabilities	**(48,237,897)**
	161,126,201
Less: Revaluation reserves	**-**
Net worth/capital adequacy level	**161,126,201**

35.3.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the Company as at year ended 30 June 2021 as determined by Pakistan Stock Exchange has been considered.

36 FAIR VALUE MEASUREMENTS

36.1 Financial Instruments

36.1.1 Financial instruments measured at fair value

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

a) Recurring fair value measurements

	Hierarchy	Valuation techniques/Key inputs	30-Jun-21	30-Jun-20
			Rupees	*Rupees*
Investments in unlisted				
Investments in unlisted securities	Level 2	Comparable transaction	**20,533,912**	19,605,539
Short term Investments				
Investments in listed securities	Level 1	Quoted prices in an active market	**704,710**	2,294,588
Investments in mutual funds	Level 1	Quoted prices in an active market	**39,618**	37,401

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Investments in unlisted securities	Net assets value per share as notified	Net assets value per share as notified	A 5% increase in net assets value per share will result in an increase in fair value of investments by Rs. 1.03 million (2020: 0.98 million).

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

36.1.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

36.2 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Directors draw Rs. nil (2020: nil) remuneration from the company. The chief executive do not draw any remuneration from the Company. Further, there are no executives employed by the Company as at the reporting date.

38 SEGMENT INFORMATION

38.1 The Company is a single operating segment.

38.2 All non-current assets of the Company are situated in Pakistan.

38.3 All revenue of the Company have originated from Pakistan.

38.4 Brokerage income includes Rs. 4,316,973 (2020: Rs. 5,080,316) derived from one (2020: two) customers, Mr. Danish Elahi (2020: Mr. kamran Rashid and Mr. Shehzad Saeed). There is no other single significant external customer from whom brokerage in excess of 10% of the Company's total brokerage income was earned during the year.

39 ASSETS PLEDGED AS SECURITY

Listed securities valued at Rs. 10.894 million (2020: Rs. 10.658 million) are pledged with National Clearing Company of Pakistan Limited and Pakistan Stock Exchange as base minimum capital and exposure margin.

40 NUMBER OF EMPLOYEES

	30-Jun-21	30-Jun-20
Total number of employees	14	14
Average number of employees	14	14

41 SHAREHOLDING ABOVE PIVE (5) PERCENT

	30-Jun-21		30-Jun-20	
	Rupees	*% age*	*Rupees*	*% age*
Dr. Zafar Iqbal	**54,990,000**	**39.38%**	54,990,000	39.38%
Bakhsh Holdings (Private) Limited	**84,650,000**	**60.62%**	84,650,000	60.62%

41.1 There was no change (2020: no change) in the shareholding above 5% during the year.

42 ANNUAL TURNOVER

	30-Jun-21			
	Buying		Selling	
	Rupees	*No. of shares*	*Rupees*	*No. of shares*
Proprietary	**10,879,498**	**653,200**	**12,809,127**	**769,749**
Client	**11,978,144,389**	**469,626,102**	**12,344,478,220**	**547,877,435**
Total	**11,989,023,887**	**470,279,302**	**12,357,287,348**	**548,647,184**

	30-Jun-20			
	Buying		Selling	
	Rupees	*No. of shares*	*Rupees*	*No. of shares*
Proprietary	1,735,049	12,500	-	-
Client	2,853,933,922	116,044,848	2,854,540,156	129,502,118
Total	2,855,668,971	116,057,348	2,854,540,156	129,502,118

43 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

44 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment and/or disclosure in these financial statements.

45 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

Abida

Director

Chief Executive

RSRIR
for identification only

Horizon Securities Limited
PATTERN OF SHARESHOLDING
As at 30-06-2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Director and their Spouse(s) and Minor Children			
	Dr. Zafar Iqbal	5,499,000	39.38
	Mrs. Abida Zafar	500	0.0036
	Mr. Afraz Zafar	500	0.0036
Associated Companies, undertakings and Related Parties			
	Bakhsh Holdings (Pvt) Limited	8,465,000	60.616
Executives		-	0.000
Publisc Sector Companies and Corporation			0.000
Banks/DFIs/NBFCs, insuarnce companies, takaful Modaraba and pension funds			
Other			
Total		**13,965,000**	**100.000**

Detail of Shareholding 5% & more

		Shares Held	Percentage
0		5,499,000	39.38
Bakhsh Holdings (Pvt) Limited		8,465,000	60.62

Asif Mumtaz Mian
(Head of Compliance)