



**NASIR JAVAID MAQSOOD IMRAN**  
Chartered Accountants

**Spectrum Securities Limited**  
**Financial Statements**  
**For the year ended June 30, 2022**



**cpaai**

MEMBER

mgjworldwide



# Spectrum Securities Limited

TREC Holder: Pakistan Stock Exchange Limited

## DIRECTORS' REPORT

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

### Performance Overview

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

	Rupees
Operating revenue	57,020,016
Operating expenses	(89,138,642)
Operating profit	(32,118,626)
Other charges	-
Other income	14,289,789
Loss before taxation	(17,828,837)
Taxation	(2,158,935)
Loss after taxation	(19,987,772)

### Loss per share

Loss per share for the year ended 30th June 2022 was Rs. (22.21)

### Capital Market Review & Outlook

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

### Pattern of Shareholding

Pattern of shareholding have been annexed.

### Dividend:

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

### External Auditors

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

Dated:

29 AUG 2022

Director



Chief Executive





# Spectrum Securities Limited

TREC Holder: Pakistan Stock Exchange Limited

## PATTERN OF SHAREHOLDING

Pattern of holding of the shares held by the June 30, 2022 shareholders as at

No. of shareholders	Shareholdings	Total shares held
2	shareholding from 1 to 100 shares	200
	shareholding from 101 to 500 shares	-
	shareholding from 501 to 1000 shares	-
	shareholding from 1001 to 5000	-
	shareholding from 5001 to 10000	-
4	shareholding from 10001 and more shares	899,800
	<b>Total</b>	<b>900,000</b>

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	900,000	100%
Associated Companies, undertakings and related parties		

## INDEPENDENT AUDITOR'S REPORT

To the members of Spectrum Securities Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **Spectrum Securities Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2022** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2022** and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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



#### Offices also at:

**LAHORE:** 3RD FLOOR, PACE TOWER, PLOT NO. 27, BLOCK-H, GULBERG 2, LAHORE.  
Tel: +92(0)42-35754821-22 E-mail: nasirgulzar@njmi.net

**ISLAMABAD:** OFFICE # 17, 2ND FLOOR, HILL VIEW PLAZA, ABOVE FRESCO SWEETS,  
BLUE AREA JINNAH AVENUE, ISLAMABAD.



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

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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



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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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





- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.
- e) the Company was in compliance with the requirement of section 78 of the Securities Act, 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Javaid Qasim.

Dated:  
Karachi

29 AUG 2022



NASIR JAVAID MAQSOOD IMRAN  
Chartered Accountants

UDIN: AR2022102700ZA1gaRxF

**SPECTRUM SECURITIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	Rupees 2022	Rupees 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property & equipment	4	16,044,423	8,266,529
Intangible assets	5	2,641,632	2,677,040
Long term investment <i>at fair value through other comprehensive income</i>	6	17,158,012	17,158,012
Long term deposits	7	2,639,700	1,860,000
		38,483,767	29,961,581
<b>CURRENT ASSETS</b>			
Trade receivables	8	20,829,850	76,400,817
Receivable against margin financing	9	20,757,692	15,528,716
Short term investment	10	65,052,567	39,198,225
Advances, deposits, pre-payments & other receivables	11	95,188,687	151,388,283
Cash & bank balances	12	3,809,439	8,676,906
		205,638,235	291,192,947
<b>TOTAL ASSETS</b>		<b>244,122,002</b>	<b>321,154,529</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
1,000,000 (2021: 1,000,000) Ordinary shares of Rs. 100/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	13	90,000,000	90,000,000
Reserves	14	70,030,023	97,303,290
		160,030,023	187,303,290
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables		78,674,389	110,334,329
Taxation - net		-	756,925
Accrued expenses & other liabilities	15	5,417,589	22,759,985
		84,091,978	133,851,239
<b>CONTINGENCIES AND COMMITMENTS</b>	16	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>244,122,002</b>	<b>321,154,529</b>

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

  
**Chief Executive**



  
**Director**



**SPECTRUM SECURITIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	Rupees 2022	Rupees 2021
<b>REVENUE</b>			
Operating revenue	17	70,230,384	118,383,279
Capital gain on disposal of securities		13,949,743	12,627,798
Unrealised (loss) / gain on remeasurement of investment at fair value - through profit or loss		(27,160,111)	7,042,598
		57,020,016	138,053,675
Administrative expenses	18	(89,134,347)	(100,300,137)
Finance cost	19	(4,295)	(1,681)
		(89,138,642)	(100,301,818)
<b>Operating (loss) / profit</b>		(32,118,626)	37,751,858
Other income	20	14,289,789	10,094,843
<b>(Loss) / profit before taxation</b>		(17,828,837)	47,846,701
Taxation	21	(2,158,935)	(9,094,327)
<b>(Loss) / profit after taxation</b>		(19,987,772)	38,752,374
<b>(Loss) / earnings per share - basic</b>	22	(22.21)	43.06

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

  
**Chief Executive**



  
**Director**

**SPECTRUM SECURITIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Note	Rupees 2022	Rupees 2021
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(Loss) / profit after taxation	(19,987,772)	38,752,374
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**Other comprehensive (loss) / income for the year**

Items that will not be reclassified to statement of profit or loss subsequently

Unrealised (loss) / gain on remeasurement of investment - At fair value - through other comprehensive income	(13,060,824)	13,417,618
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<b>Total comprehensive (loss) / income for the year</b>	<b>(33,048,596)</b>	<b>52,169,992</b>
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*The annexed notes from 1 to 32 form an integral part of these financial statements.*



Chief Executive




Director



**SPECTRUM SECURITIES LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

(Loss) / profit before taxation

Add/(less) : Items not involved in movement of fund:

Depreciation

Amortization of computer software

Capital gain on disposal of securities

(Reversal) / allowance for expected credit loss

Unrealised loss / (gain) on remeasurement of investment at fair value - through profit or loss

Finance costs

Cash (used in) / generated from operating activities before working capital changes

Net change in working capital

Finance costs paid

Taxes paid

**Net cash generated from / (used in) operating activities**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of property and equipment

Investment in shares of listed companies

Long term deposits

**Net cash (used in) / generated from investing activities**

**Net decrease in cash and cash equivalents**

Cash and cash equivalents at the beginning of the year

**Cash and cash equivalents at the end of the year**

**(Increase) / decrease in current assets**

Trade receivables

Receivable against margin financing

Advances, deposits, pre-payments & other receivables

**Increase / (decrease) in current liabilities**

Trade payables

Accrued expenses & other liabilities

**Net change in working capital**

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

Note	Rupees 2022	Rupees 2021
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(17,828,837) 47,846,701

1,980,679	1,589,283
35,408	38,863
(13,949,743)	(12,627,798)
(2,806,388)	2,555,920
27,160,111	(7,042,598)
4,295	1,681
<b>12,424,362</b>	<b>(15,484,649)</b>

(a) (5,404,475) 32,362,051  
60,969,364 (56,389,979)

(4,295) (1,681)

(3,539,585) (4,213,341)

**52,021,008 (28,242,950)**

(3,983,244) (2,053,578)

(52,125,532) 14,581,849

(779,700) 5,950,000

**(56,888,476) 18,478,271**

(4,867,468) (9,764,679)

8,676,906 18,441,585

12 **3,809,439 8,676,906**

58,377,355 (42,115,695)

(5,228,976) (12,375,218)

56,823,321 (67,805,884)

**109,971,700 (122,296,797)**

(31,659,940) 55,524,012

(17,342,396) 10,382,806

**(49,002,336) 65,906,818**

**60,969,364 (56,389,979)**



Chief Executive





Director

**SPECTRUM SECURITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Reserves</b>					
	Issued, subscribed & paid up capital	Capital Reserve	Unappropriated profit	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income	Sub Total	Total
	<i>Rupees</i>		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 2020	90,000,000	-	29,455,807	15,677,491	45,133,298	135,133,298
Profit for the year	-	-	38,752,374	-	38,752,374	38,752,374
Gain on remeasurement of investment at fair value - through other comprehensive income - net	-	-	-	13,417,618	13,417,618	13,417,618
Balance as at June 30, 2021	90,000,000	-	68,208,181	29,095,109	97,303,290	187,303,290
Revaluation Surplus	-	5,775,329	-	-	5,775,329	5,775,329
Loss for the year	-	-	(19,987,772)	-	(19,987,772)	(19,987,772)
Loss on remeasurement of investment at fair value - through other comprehensive income - net	-	-	-	(13,060,824)	(13,060,824)	(13,060,824)
Transferred from revaluation surplus on property on account of incremental depreciation	-	(577,533)	577,533	-	-	-
Balance as at June 30, 2022	90,000,000	5,197,796	48,220,409	16,034,285	70,030,023	160,030,023

*The annexed notes from 1 to 32 form an integral part of these financial statements.*



Chief Executive



  
Director



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

Spectrum Securities Limited (the Company) was incorporated in October 27, 2014 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Room No. 526, 5th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. It is a Trading Right Certificate Holder of the Pakistan Stock Exchange Limited. The branch offices are situated at;

- Office no. 706, 7th Floor, Business and Finance Centre, Karachi
- 1st Floor, Plaza No. 287, Block Y, Phase III-C, DHA Lahore Cantt, Lahore

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by IASB and provisions of and directives issued under the Companies Act 2017. In case requirements differ, the provision or directives of the Companies Act, 2017 shall prevail. Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for derivatives and investments. Statement of cash flow has been presented on cash basis.

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgments**

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

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

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



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and equipment**

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

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

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

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

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

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

**3.2 Intangible assets**

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

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

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

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



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.2.1 Trading Right Entitlement Certificate**

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

**3.2.2 Pakistan Mercantile Exchange - Membership card**

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

**3.2.3 Computer software**

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

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

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

**3.3 Investment property**

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

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

**3.4 Financial Instruments**

**3.4.1 Initial Measurement of financial assets**

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

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

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

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**Subsequent Measurement**

Debt Investments at  
FVOCI

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

Equity Investments at  
FVOCI

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

Financial assets at  
FVTPL

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

Financial assets measured  
at amortized cost

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

**3.4.2 Financial liabilities**

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

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

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

**3.5 Impairment**

**3.5.1 Financial assets**

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

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



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

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

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

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

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

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

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

### **3.5.2 Impairment of non-financial assets**

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

## **3.6 Derecognition**

### **3.6.1 Financial assets**

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



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.6.2 Financial liabilities**

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

**3.7 Investments**

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

**3.8 Settlement date accounting**

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

**3.9 Off-setting of financial assets and financial liabilities**

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

**3.10 Trade debts and other receivables**

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

**3.11 Fiduciary assets**

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

**3.12 Cash and cash equivalents**

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

**3.13 Share capital**

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

**3.14 Proposed dividend and transfer between reserves**

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



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.15 Trade and other payables**

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

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

**3.16 Taxation**

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

**i) Current**

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

**ii) Deferred**

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

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

**3.17 Provisions**

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

**3.18 Foreign currency transactions and translation**

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



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.19 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

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

**3.20 Operating and administrative expenses**

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

**3.21 Mark-up bearing borrowings and borrowing costs**

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

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

**3.22 Earnings per share**

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



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**4 PROPERTY AND EQUIPMENT**

	Office (Rupees)	Office equipments (Rupees)	Motor vehicles (Rupees)	Furniture & fixtures (Rupees)	Computer equipments (Rupees)	Total (Rupees)
<b>Net carrying value basis</b>						
<b>Year ended June 30, 2022</b>						
Opening net book value (NBV)	1,124,671	1,945,662	2,228,700	1,653,901	1,313,595	8,266,529
Revaluation	5,775,329	-	-	-	-	5,775,329
Additions (at cost)	-	1,006,964	-	1,976,021	1,000,259	3,983,244
Disposals (at NBV)/ Written off	-	-	-	-	-	-
Depreciation charge	(112,467)	(295,263)	(334,305)	(544,488)	(694,156)	(1,980,679)
Closing net book value (NBV)	6,787,533	2,657,363	1,894,395	3,085,434	1,619,698	16,044,423
<b>Gross carrying value basis</b>						
<b>As at June 30, 2022</b>						
Cost	7,875,329	4,181,290	2,760,000	6,026,214	4,506,573	25,349,406
Accumulated depreciation	(1,087,796)	(1,523,927)	(865,605)	(2,940,780)	(2,886,875)	(9,304,983)
Net book value (NBV)	6,787,533	2,657,363	1,894,395	3,085,434	1,619,698	16,044,423
<b>Net carrying value basis</b>						
<b>Year ended June 30, 2021</b>						
Opening net book value (NBV)	1,249,634	1,656,344	2,622,000	1,610,416	663,840	7,802,234
Additions (at cost)	-	505,503	-	335,350	1,212,725	2,053,578
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(124,963)	(216,185)	(393,300)	(291,865)	(562,970)	(1,589,283)
Closing net book value (NBV)	1,124,671	1,945,662	2,228,700	1,653,901	1,313,595	8,266,529
<b>Gross carrying value basis</b>						
<b>As at June 30, 2021</b>						
Cost	2,100,000	3,174,326	2,760,000	4,050,193	3,506,314	15,590,833
Accumulated depreciation	(975,329)	(1,228,664)	(531,300)	(2,396,292)	(2,192,719)	(7,324,304)
Net book value (NBV)	1,124,671	1,945,662	2,228,700	1,653,901	1,313,595	8,266,529
Depreciation rate (% per annum)	10	10	15	15	30	

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

Note	Rupees 2022	Rupees 2021
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**5 INTANGIBLE ASSETS**

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Computer software	5.2	141,632	177,040
		<u>2,641,632</u>	<u>2,677,040</u>

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

**5.2 Computer Software**

Opening net book value (NBV)	789,000	789,000
Accumulated amortisation	(611,960)	(573,097)
	177,040	215,903
Amortisation for the year	(35,408)	(38,863)
Closing net book value (NBV)	<u>141,632</u>	<u>177,040</u>

**6 LONG TERM INVESTMENT**

*At fair value through other comprehensive income*

Unquoted

Shares of LSE Financial Services Limited	<u>17,158,012</u>	<u>17,158,012</u>
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- 6.1 This represents investment in 843,975 unquoted ordinary shares of M/s. LSE Financial Services Limited valued at fair value of Rs. 20.33 per ordinary share. The Company, as per its policy, carried out the valuation of shares of M/s. LSE Financial Services Limited using appropriate valuation technique. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses.

**7 LONG TERM DEPOSITS**

Pakistan Stock Exchange Limited	400,000	400,000
Central Depository Company of Pakistan Limited	100,000	100,000
National Clearing Company of Pakistan Limited	1,000,000	1,000,000
Security deposit against offices	989,700	210,000
Other deposits	150,000	150,000
	<u>2,639,700</u>	<u>1,860,000</u>



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

Note	Rupees 2022	Rupees 2021
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**8 TRADE RECEIVABLES - CONSIDERED GOOD**

Considered good	8.1	22,659,062	80,337,256
Considered doubtful		-	-
		22,659,062	80,337,256
(Reversal) /allowance for expected credit loss		(1,829,212)	(4,635,600)
		<b>20,829,850</b>	<b>75,701,656</b>
From clearing house		-	699,161
		<b>20,829,850</b>	<b>76,400,817</b>

**8.1 Allowance for expected credit loss**

Opening balance		4,635,600	2,079,680
(Reversal) /allowance for expected credit loss	8.1.1	(2,806,388)	2,555,920
Closing balance		<b>1,829,212</b>	<b>4,635,600</b>

**8.1.1** The Company assessed on a forward looking basis, the expected credit losses associated with trade receivables and measured loss allowance for trade receivables at an amount equal to life time expected credit losses or unsecured balances whichever is higher.

**Aging analysis**

Upto 90 days	16,336,146	88,637,159
More than 90 but upto 180 days	1,063,668	4,772,621
More than 180 but upto 360 days	3,430,036	1,042,015
More than 360 days	1,829,212	1,414,177
	<b>22,659,062</b>	<b>95,865,971</b>

**8.1.2** Due from related parties which are not impaired and their maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

Name of related party	Amount due		Maximum amount outstanding at any time during the year	
	2022	2021	2022	2021
	-----Rupees-----			
Muhammad Imran Arif	-	-	425,062	460,017
Ahmed Nabeel	-	-	3,570,048	-
	<b>-</b>	<b>-</b>	<b>3,995,111</b>	<b>460,017</b>

**8.1.3 Aging analysis - related party**

Name of related party	1 - 60 days	61 - 90 days	91 - 360 days	More than 360 days	Total gross amount due
	-----Rupees-----				
Muhammad Imran Arif	-	-	-	-	-
Ahmed Nabeel	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

Note	Rupees 2022	Rupees 2021
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8.2	Total value of securities pertaining to clients held in the Central Depository Company	1,044,978,085	1,584,475,990
8.3	Value of pledge securities of clients with National Clearing Company of Pakistan Ltd	1,810,210	146,199,246
8.4	Value of pledge securities of clients with Financial institutions	-	-
8.5	The securities are valued using market rate at the year end	-	-

**9 RECEIVABLE AGAINST MARGIN FINANCING**

This amount is given as a Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in house accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75%. The amount receivable against margin financing from clients amounting to **Rs. 20,757,692/-** (2021: 15,528,716/-).

**10 SHORT TERM INVESTMENT**

*Investments at fair values through profit & loss*

Listed equity securities	81,152,063	8,034,189
Unrealised (loss)/gain on remeasurement of investment at fair value-through profit or loss	(27,160,111)	7,042,598
<b>Market value</b>	<b>53,991,952</b>	<b>15,076,787</b>

10.1

*Investments at fair values through other comprehensive income*

Shares of Pakistan Stock Exchange Limited	24,121,438	10,703,821
Unrealised (loss) / gain on remeasurement of investment	(13,060,824)	13,417,618
<b>Market value</b>	<b>11,060,615</b>	<b>24,121,438</b>

10.2

**Total market value**

**65,052,567**      **39,198,225**



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**10.1 Investments at fair values through profit & loss**

<b>30 June 2022    June 30, 2021</b>						<b>30 June 2022    June 30, 2021</b>
<i>Number of shares</i>						<i>Market value in rupees</i>
843,975	843,975	LSEFSL	LSE FINACIAL SERVICES LIMITED	-	-	
24,000	-	ASTL	AMRELI STEELS LIMITED	562,560	-	
500	-	AVN	AVANCEON LIMITED	38,955	-	
62,500	-	BAPL	BAWANY AIR PRODUCTS LIMITED	590,625	-	
2,500	-	GATM	GUL AHMED TEXTILE MILLS LIMITED	84,525	-	
128	-	GVGL	GHANI VALUE GLASS LIMITED	8,448	-	
340,259	521,759	PSX	PAKISTAN STOCK EXCHANGE LIMITED	3,480,849	11,640,443	
2,000	-	KAPCO	KOT ADDU POWER COMPANY LIMITED	55,060	-	
362	-	LOTCHM	LOTTE CHEMICAL PAKISTAN LIMITED	8,550	-	
570,000	-	NCL	NISHAT (CHUNIAN) LIMITED	25,530,300	-	
13,500	-	NETSOL	NETSOL TECHNOLOGIES LIMITED	1,346,490	-	
2,000	-	NML	NISHAT MILLS LIMITED	147,820	-	
31,000	-	OGDC	OIL AND GAS DEVELOPMENT LIMITED	2,438,770	-	
132,000	-	PAEL	PAK ELECTRON LIMITED	2,097,480	-	
16,000	-	PPL	PAKISTAN PETROLEUM LIMITED	1,080,160	-	
31,000	-	PRL	PAKISTAN REFINERY LIMITED	554,590	-	
500	-	PSO	PAKISTAN STATE OIL	85,920	-	
5,000	-	SEARL	THE SEARLE COMPANY LIMITED	545,100	-	
450,000	-	SILK	SILKBANK LIMITED	531,000	-	
52,500	-	SNGP	SUI NORTHERN GAS PIPELINES LIMITED	1,796,025	-	
125,000	-	TRG	TRG PAKISTAN- CLASS 'A'	9,666,250	-	
118,500	-	UNITY	UNITY FOODS LIMITED	2,378,295	-	
-	129,000	DFML	DEWAN FAROOQUE MOTORS LIMITED	-	1,354,500	
-	1,000	GAIL	GHANI AUTOMOBILE INDUSTRIES	-	9,070	
40,000	40,000	JSCL	JAHANGIR SIDDIQUI AND CO. LIMITED	528,800	902,400	
2,000	3,100	KHTC	KHYBER TABACOO COMPANY	435,380	1,170,374	
<b>2,865,224</b>	<b>1,538,834</b>		<b>TOTAL</b>	<b>53,991,952</b>	<b>15,076,787</b>	



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**10.2 Investments at fair values through other comprehensive income**

<u>30 June 2022</u> <u>June 30, 2021</u>				<u>30 June 2022</u>	<u>June 30, 2021</u>
<i>Number of shares</i>				<i>Market value in rupees</i>	
1,081,194	1,081,194	PSX	PAKISTAN STOCK EXCHANGE LIMITED	11,060,615	24,121,438
<u>1,081,194</u>	<u>1,081,194</u>	<b>TOTAL</b>		<u>11,060,615</u>	<u>24,121,438</u>
<u>3,946,418</u>	<u>2,620,028</u>	<b>GRAND TOTAL</b>		<u>65,052,567</u>	<u>39,198,225</u>

<b>Note</b>	<b>Rupees 2022</b>	<b>Rupees 2021</b>
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**11 ADVANCES, DEPOSITS, PRE-PAYMENTS & OTHER RECEIVABLES**

Exposure deposit  
Deposit against Base Minimum Capital requirement  
Income tax refundable  
Advances for expenses  
Staff loan  
Other receivables

<b>11.1</b>	85,571,434	146,308,678
	3,500,000	-
	623,726	-
	1,869,998	3,381,791
	859,000	189,000
	2,764,529	1,508,814
	<u>95,188,687</u>	<u>151,388,283</u>

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

**12 CASH AND BANK BALANCES**

Cash in hand  
Cash at bank  
    *- in current account*

<b>12.1</b>	132,440	69,603
	3,676,999	8,607,303
	<u>3,809,439</u>	<u>8,676,906</u>

**12.1 Bank balance pertains to:**

Clients  
Brokerage House

850,175	3,544,560
2,826,824	5,062,743
<u>3,676,999</u>	<u>8,607,303</u>

**13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

<u>2022</u>	<u>2021</u>	
<i>Number of shares</i>		
900,000	900,000	Ordinary shares of Rs. 100 each fully paid in cash
<u>900,000</u>	<u>900,000</u>	

90,000,000	90,000,000
<u>90,000,000</u>	<u>90,000,000</u>



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

Note	Rupees 2022	Rupees 2021
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- 13.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

**14 CAPITAL RESERVE**

Surplus on revaluation of office

14.1	5,197,796	-
	<u>5,197,796</u>	<u>-</u>

- 14.1 The revaluation of office there on was carried out as of August 23, 2022 by the company on the basis of market values as at June 30, 2022 based on enquiries made about the cost of offices of similar nature, size and location. The fair value of office premises has been determined by Sadruddin Associates (Pvt) Limited at Rs. 5.9 Million and forced sale value at Rs. 5.5 Million.

**15 ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued expenses	579,574	2,823,322
Sindh Sales Tax payable	438,093	1,977,084
Short term loan	2,000,000	10,000,000
Withholding tax payable	318,047	12,536
Payable to National Clearing Company of Pakistan Limited	1,048,300	-
Other liabilities	1,033,576	7,947,043
	<u>5,417,589</u>	<u>22,759,985</u>

**16 CONTINGENCIES AND COMMITMENTS**

A suit is pending with Lahore civil court against the company for permanent injunction and consequential relief. No unfavourable outcome or probable loss is anticipated by lawyer of the company.

**17 OPERATING REVENUE**

Brokerage commission including sales tax on services	17.1	76,792,320	133,049,610
Less: Sales tax on services		(8,835,053)	(15,311,113)
Net brokerage commission excluding sales tax on services		<u>67,957,267</u>	<u>117,738,497</u>
Dividend income		2,273,117	644,783
		<u>70,230,384</u>	<u>118,383,279</u>

**17.1 Brokerage Income - net of sales tax**

**Equity brokerage**

- Institutional customers
- Retail clients

13,028,521	94,881,390
54,928,746	22,857,107
<u>67,957,267</u>	<u>117,738,497</u>

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

	Note	Rupees 2022	Rupees 2021
<b>18 ADMINISTRATIVE EXPENSES</b>			
Director's remuneration	18.1	4,800,000	4,200,000
Salaries and other benefits		35,897,671	29,991,505
Rent, rates and taxes		4,510,585	2,326,057
Repairs and maintenance		1,491,319	1,948,669
Printing and stationery		786,119	734,632
Fees and subscription		1,157,764	1,091,160
Traveling and conveyance		284,770	240,495
Commission expense		23,591,526	41,426,581
Computer and software expenses		1,378,555	1,616,334
Entertainment		1,520,629	1,317,120
Vehicle running expenses		1,495,530	1,457,135
Auditor's remuneration	18.2	300,000	275,000
Utilities & communication		4,166,985	3,591,203
Postage and courier		271,320	212,754
Insurance		191,925	150,239
Allowance for expected credit loss		-	2,555,920
Advertisement & business promotion		410,000	84,000
Service and transaction charges		3,027,534	3,659,841
Charity and donations		58,000	78,500
Depreciation		1,980,679	1,589,283
Amortization of software		35,408	38,863
General expenses		1,778,028	1,714,846
		<b>89,134,347</b>	<b>100,300,137</b>

**18.1 Remuneration of Chief Executive and Director**

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	4,800,000	-	17,965,000	4,200,000	-	13,429,501
Company's contribution to the Provident Fund	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	<b>4,800,000</b>	<b>-</b>	<b>17,965,000</b>	<b>4,200,000</b>	<b>-</b>	<b>13,429,501</b>
Number of persons (including those who worked part of the year)	<b>1</b>		<b>9</b>	<b>1</b>		<b>8</b>

**18.2 Auditors' remuneration**

<b>Audit services</b>		
Annual audit fee	150,000	150,000
Certifications	75,000	50,000
	<b>225,000</b>	<b>200,000</b>
<b>Non-audit services</b>		
Other services	75,000	75,000
	<b>75,000</b>	<b>75,000</b>
	<b>300,000</b>	<b>275,000</b>



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

Note	Rupees 2022	Rupees 2021
------	----------------	----------------

**19 FINANCE COST**

Bank charges

4,295	1,681
<b>4,295</b>	<b>1,681</b>

**20 OTHER INCOME**

Profit on exposure deposit  
Reversal of expected credit loss  
IPO Commission  
Recoveries  
Profit on deposit against Margin Financing  
Profit on deposit against Margin Trading System

8,103,284	3,890,031
2,806,388	-
87,736	56,861
815,267	3,376,047
1,712,175	1,735,679
764,939	1,036,224
<b>14,289,789</b>	<b>10,094,843</b>

**21 TAXATION**

Current  
Prior

2,915,860	9,864,412
(756,925)	(770,085)
<b>2,158,935</b>	<b>9,094,327</b>

**21.1 Relationship between income tax expense and accounting profit**

Profit before taxation

Tax at the applicable tax rate of 29% (2021: 29%)  
Tax effect of income taxed at lower tax rates  
Tax effect of non deductible expenses  
Tax effect of minimum tax  
Tax effect of exempt income  
Tax effect of prior year  
Others

<b>(17,828,837)</b>	<b>47,846,701</b>
(5,170,363)	13,875,543
(325,662)	(3,752,331)
33,726,639	482,325
2,582,317	755,403
(27,897,071)	(2,042,353)
(756,925)	(770,085)
-	545,825
<b>2,158,935</b>	<b>9,094,327</b>

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

**22 (LOSS) / EARNINGS PER SHARE- BASIC & DILUTED**

**22.1 Basic (loss) / earnings per share**

(Loss) / profit after taxation  
Number of shares at the end of the year

(19,987,772)	38,752,374
900,000	900,000
<b>(22.21)</b>	<b>43.06</b>

**22.2 Diluted earnings per share**

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

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**23.1 Financial instruments by categories**

**23.1.1 Financial assets**

2022			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost
Total			
Long term investment	-	17,158,012	-
Long term loans, advances & deposits	-	-	2,639,700
Trade receivables	-	-	20,829,850
Receivable against margin financing	-	-	20,757,692
Short term investment	65,052,567	-	-
Advances, deposits, pre-payments & other receivables	-	-	95,188,687
Cash & bank balances	-	-	3,809,439
	<u>65,052,567</u>	<u>17,158,012</u>	<u>143,225,368</u>
			<u>225,435,947</u>

2021			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost
Total			
Long term investment	-	17,158,012	-
Long term loans, advances & deposits	-	-	1,860,000
Trade receivables	-	-	76,400,817
Receivable against margin financing	-	-	15,528,716
Short term investment	39,198,225	-	-
Advances, deposits, pre-payments & other receivables	-	-	151,388,283
Cash & bank balances	-	-	8,676,906
	<u>39,198,225</u>	<u>17,158,012</u>	<u>253,854,722</u>
			<u>310,210,959</u>

**23.1.2 Financial liabilities**

2022		
	Amortised cost	At fair value through profit or loss
Total		
Trade payables	78,674,389	-
Accrued expenses & other liabilities	5,417,589	-
	<u>84,091,978</u>	<u>-</u>
		<u>84,091,978</u>

2021		
	Amortised cost	At fair value through profit or loss
Total		
Trade payables	110,334,329	-
Accrued expenses & other liabilities	22,759,985	-
	<u>133,094,314</u>	<u>-</u>
		<u>133,094,314</u>



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**24 FINANCIAL RISK MANAGEMENT**

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

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

**24.1 Market Risk**

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

**(i) Interest Rate Risk**

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

**(ii) Foreign Currency Risk**

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

**(iii) Equity Price Risk**

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by Rs. 6,505,257/- and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

**24.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

2022					
Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----					
<b>Financial liabilities</b>					
Trade payables	78,674,389	78,674,389	78,674,389	78,674,389	
Accrued expenses & other liabilities	5,417,589	5,417,589	5,417,589	5,417,589	-
	<b>84,091,978</b>	<b>84,091,978</b>	<b>84,091,978</b>	<b>84,091,978</b>	-

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

2021

Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----					
<b>Financial liabilities</b>					
Trade payables	110,334,329	110,334,329	110,334,329	110,334,329	
Accrued expenses & other liabilities	22,759,985	22,759,985	22,759,985	22,759,985	-
	<b>133,094,314</b>	<b>133,094,314</b>	<b>133,094,314</b>	<b>133,094,314</b>	-

**24.3 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

**Exposure to credit risk**

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2022	Rupees 2021
Long term investment	17,158,012	17,158,012
Long term loans, advances & deposits	2,639,700	1,860,000
Trade receivables	20,829,850	76,400,817
Receivable against margin financing	20,757,692	15,528,716
Short term investment	65,052,567	39,198,225
Advances, deposits, pre-payments & other receivables	95,188,687	151,388,283
Cash & bank balances	3,809,439	8,676,906
	<b>225,435,947</b>	<b>310,210,959</b>

**Concentration of credit risk**

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

**Trade receivables**

The aging of trade receivables and related movement in Expected Credit Loss has been disclosed in note 8 of these financial statements.



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**Bank balances**

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

	Rupees 2022	Rupees 2021
A1+	3,676,999	8,586,903
AA -	-	20,400
	<u>3,676,999</u>	<u>8,607,303</u>

**24.4 Operational risk**

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

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

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

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

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

**24.5 Fair value of financial instruments**

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

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

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

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

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

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

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

**Financial assets**

		2022			
		Level 1	Level 2	Level 3	Total
<i>At fair value through profit and loss</i>					
Listed securities		53,991,952	-	-	53,991,952
		<u>53,991,952</u>	<u>-</u>	<u>-</u>	<u>53,991,952</u>
<i>At fair value - through other comprehensive income</i>					
Investment in shares of Pakistan Stock Exchange Limited		11,060,615	-	-	11,060,615
Investment in shares of LSE Financial Services Limited		-	-	17,158,012	17,158,012
		<u>11,060,615</u>	<u>-</u>	<u>17,158,012</u>	<u>28,218,627</u>
		2021			
		Level 1	Level 2	Level 3	Total
<i>At fair value through profit and loss</i>					
Listed securities		15,076,787	-	-	15,076,787
		<u>15,076,787</u>	<u>-</u>	<u>-</u>	<u>15,076,787</u>
<i>At fair value - through other comprehensive income</i>					
Investment in shares of Pakistan Stock Exchange Limited		24,121,438	-	-	24,121,438
Investment in shares of LSE Financial Services Limited		-	-	17,158,012	17,158,012
		<u>24,121,438</u>	<u>-</u>	<u>17,158,012</u>	<u>41,279,450</u>

**24.6 Capital management**

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.



**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**25 OPERATING SEGMENT**

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan

All non current assets of the Company as at 30 June 2022 are located in Pakistan.

**26 RELATED PARTY TRANSACTIONS**

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members and major shareholders of the Company. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment.

Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place:

Name of related party	Nature of relationship	Percentage of shareholding in the Company
Ahmed Nabeel	Chief Executive Officer	20%
Muhammad Imran Arif	Director	0%

Details of transactions and balances at year end with related parties, other than remuneration paid to Chief Executive Officer, directors and executive which are disclosed in relevant note to the financial statements, are as follows:

Name of related party	Transaction during the year	Balances at the year end	2022 Rupees	2021 Rupees
Ahmed Nabeel	Brokerage commission earned		765,318	815,676
		Trade payables	119,104	3,317
Muhamamd Imran Arif	Commission paid		8,864	10,006
		Trade payables	7,644	425

**27 NUMBER OF EMPLOYEES**

Total employees of the Company at the year end  
Average employees of the Company during the year

2022	2021
47	44
44	42

**SPECTRUM SECURITIES LIMITED**  
**NOTES TO THE ACCOUNTS**

**28 PATTERN OF SHAREHOLDING**

Number of Shares	Name of shareholders	June 30, 2022 Percentage of Holding
459,000	Muhammad Owais	51%
107,800	Asif Ibrahim	12%
180,000	Ahmed Nabeel	20%
153,000	Atiqa Zafar	17%
200	Individuals	0%
<b>900,000</b>		<b>100%</b>

June 30, 2022

**29 CAPITAL ADEQUACY LEVEL**

Total Assets

244,122,002

Less: Total Liabilities

(84,091,978)

Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)

-

**Capital Adequacy Level**

28.1

**160,030,024**

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

**30 LIQUID CAPITAL BALANCE**

Liquid Capital Balance of the Company, as at June 30, 2022, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is **Rs. 49,487,261/-**. The Statement of Liquid Capital is enclosed as **Annexure A-I**.

**31 AUTHORIZATION FOR ISSUE**


**29 AUG 2022**

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

**32 GENERAL**

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

- 32.2 Figures have been rounded off to the nearest rupee.



Chief Executive



  
Director



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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>I. Assets</b>				
1.1	Property & Equipment	16,044,423	(16,044,423)	-
1.2	Intangible Assets	2,641,632	(2,641,632)	-
1.3	Investment in Govt. Securities (150,000*99)			
	<b>Investment in Debt Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	52,413,883	(8,331,081)	44,082,802
	ii. If unlisted, 100% of carrying value.	-	-	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries			
	<b>Investment in associated companies/undertaking</b>			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	2,639,700	(2,639,700)	-
1.9	Margin deposits with exchange and clearing house.	85,571,434	(66,234)	85,505,200
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	1,869,998	(1,869,998)	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
	Amounts receivable against Repo financing.			
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	859,000	(859,000)	-
	ii. Receivables other than trade receivables	2,764,529	(2,764,529)	-
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			
	claims on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.	20,757,692	17,377,473	17,377,473
	<b>i. Lower of net balance sheet value or value determined through adjustments.</b>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	-	-
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.			
1.17	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	2,716,795	-	2,716,795
	iv. Balance sheet value			



	v. Increase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	19,942,267	13,187,235	13,187,235
	<b>v. Lower of net balance sheet value or value determined through adjustments</b>			
	<b>vi. 100% haircut in the case of amount receivable from related parties.</b>	-		
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	2,826,824	-	2,826,824
	ii. Bank balance-customer accounts	850,175	-	850,175
	iii. Cash in hand	132,440	-	132,440
	<b>Total cash and bank balances</b>	<b>3,809,439</b>		<b>3,809,439</b>
1	<b>Total Assets</b>	<b>212,030,792</b>		<b>166,678,944</b>
<b>2. Liabilities</b>				
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house	-		-
	ii. Payable against leveraged market products			
	iii. Payable to customers	78,674,389	-	78,674,389
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	3,417,589	-	3,417,589
	iii. Short-term borrowings	-		-
2.2	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities	-		-
	vii. Provision for bad debts			
	viii. Provision for taxation	-		-
	ix. Other liabilities as per accounting principles and included in the financial statements	2,000,000		2,000,000
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits	-	-	-
2.3	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements			
	<b>Subordinated Loans</b>			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period. b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2	<b>Total Liabilities</b>	<b>84,091,978</b>		<b>84,091,978</b>
<b>3. Ranking Liabilities Relating to :</b>				
3.1	<b>Concentration in Margin Financing</b> The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	20,757,843	-	20,757,843
3.2	<b>Concentration in securities lending and borrowing</b> The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL. (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	<b>Net underwriting Commitments</b> <b>(a) in the case of right issue :</b> 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 <b>(b) in any other case :</b> 12.5% of the net underwriting commitments			
	<b>Negative equity of subsidiary</b>			



3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
<b>Foreign exchange agreements and foreign currency positions</b>				
3.5	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
<b>Repo adjustment</b>				
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.			
	In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
<b>Concentrated proprietary positions</b>				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
<b>Opening Positions in futures and options</b>				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts	12,341,862	-	12,341,862
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
<b>Short sell positions</b>				
3.10	i. Increase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. Increase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3	<b>Total Ranking Liabilities</b>	33,099,705	-	33,099,705
	<b>Liquid Capital</b>	94,839,109	-	49,487,261