

DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

<u>DESCRIPTION</u>	<u>VALUATION</u>	<u>Note</u>	<u>Rupees</u>
CURRENT ASSETS			
Bank balances and cash deposits	As per book value	26.2 (i)	258,735,762
Trade debts	Book value less overdue for more than 14 days	26.2 (ii)	99,193,849
Investment in Listed Securities in the name of broker	Securities marked to market less 15% discount	26.2 (iii)	101,014,609
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	26.2 (iv)	2,092,972
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount		-
FIBs	Marked to market less 5% discount		-
Treasury bills	At market value		-
			<u>461,037,192</u>
CURRENT LIABILITIES			
Trade Payable	Book value less Overdue for more than 30 days	26.2 (v)	201,735,637
Other liabilities	As per Book values	26.2 (vi)	67,713,894
			<u>269,449,531</u>
NET CAPITAL BALANCE			<u><u>191,587,661</u></u>
27.2 Notes to the Net Capital Balance			
(i) Bank balances and cash deposits			
These are stated at book value.			
Cash in hand			142,837
Bank balance pertaining to:			
Brokerage house			4,270,516
Client			70,378,751
Total bank balance			74,649,267
Margins			
Deposit against exposure and losses with Pakistan Stock Exchange			162,555,269
Deposit against MTS exposure margin with NCCPL			21,388,389
			<u>258,735,762</u>
(ii) Trade debts			
These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.			
Total debts			105,718,715
Outstanding for more than 14 days			(6,524,866)
Balance generated within 14 days and/or not yet due			<u>99,193,849</u>
(iii) Investment in Listed Securities in the name of broker			
Securities marked to market			118,840,716
Less 15% discount			(17,826,107)
			<u>101,014,609</u>
(iv) Securities purchased for client			
Overdue balance for more than 14 days - gross value		<u>6,524,866</u>	
Lower of overdue balance and securities held against such balance		<u>2,092,972</u>	<u>2,092,972</u>

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(v) **Trade Payables**

Book value	244,919,128
Less: Overdue for more than 30 days	(43,183,491)
	201,735,637

(vi) **Other Liabilities**

Accrued expenses	24,530,403
Creditors overdue for more than 30 days	43,183,491
	67,713,894

27.3 Liquid Capital

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.	Assets			
1.1	Property & Equipment	71,735,904	100.00%	-
1.2	Intangible Assets	53,656,685	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	118,840,716	20,543,921	98,296,795
	ii. If unlisted, 100% of carrying value.	19,669,681	100.00%	-
	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.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the 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.	1,600,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	190,642,676	-	190,642,676
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	1,910,693	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	8,549,018	-	8,549,018
	ii. Receivables other than trade receivables	36,230,796	1,697,404	34,533,392
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	claims on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-

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1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	94,138,604	-	94,138,604
	v. In case 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. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	9,105,948	5,626,278	5,626,278
	<i>vi. 100% haircut in the case of amount receivable form related parties.</i>	2,474,204	100.00%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	4,270,516	-	4,270,516
	ii. Bank balance-customer accounts	70,378,751	-	70,378,751
	iii. Cash in hand	142,837	-	142,837
1.19	Total Assets	683,347,029		506,578,867
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	244,919,128	-	244,919,128
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	24,530,403	-	24,530,403
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	822,522	-	822,522
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituon: Long term portion of financing obtained from a financial institution including amount due against finance lease	3,215,202	3,215,202	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	<i>iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:</i> a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			

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	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	-	-	-
2.5	Total Liabilities	273,487,255		270,272,053
3. Ranking Liabilities Relating to :				
3.1	Concentration in Margin Financing			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	51,389,060	51,389,060
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments			
	(a) in the case of right 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	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
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.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	-	-	-
3.7	Repo adjustment			
	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.	-	-	-
3.8	Concentrated proprietary positions			
	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	-	1,834,440	1,834,440
3.9	Opening Positions in futures and options			
	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	-	63,196,478	63,196,478
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	1,925,129	1,925,129
3.10	Short sell positions			
	i. In case 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. In case 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.	-	-	-
3.11	Total Ranking Liabilities	-		118,345,107
	Liquid capital balance	409,859,774		117,961,707