

DARSON SECURITIES LIMITED
AUDITED ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2022



INDEPENDENT AUDITORS' REPORT

To the Members of Darson Securities Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 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 and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for other information. The other information comprises the information included in 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.

Boards 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) The Company was in compliance with the requirement of section 78 of Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements was prepared.

The engagement partner on the audit resulting in this independent auditor's report is Arqum Naveed.

Muniff Ziauddin & Co
Chartered Accountants

Lahore

Dated: 06 OCT 2022

UDIN: AR202210123ny6VHPqpO

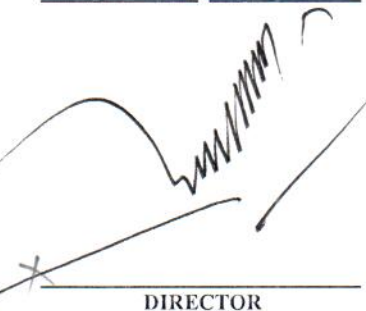
DARSON SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property and equipment	4	69,779,508	71,735,904
Intangible assets	5	54,535,782	54,656,685
Long term investments	6	16,406,874	19,669,681
Long term deposits	7	1,943,450	1,843,450
Deferred tax asset	8	9,984,091	-
		<u>152,649,705</u>	<u>147,905,720</u>
Current assets			
Trade debts	9	40,308,132	105,718,715
Loan and advances	10	8,826,813	9,362,769
Short term deposits, prepayments and other receivables	11	104,812,754	194,327,782
Short term investments	12	88,947,334	118,840,716
Tax refund due from the Government	13	36,522,352	35,417,045
Cash and bank balances	14	101,036,059	74,792,104
		<u>380,453,444</u>	<u>538,459,131</u>
Total assets		<u><u>533,103,149</u></u>	<u><u>686,364,851</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid up share capital	15	200,000,000	200,000,000
Fair value reserve of long term investment at FVOCI		12,560,834	15,823,641
Unappropriated profit		134,536,009	197,053,955
		<u>347,096,843</u>	<u>412,877,596</u>
Non-current liabilities			
Long term loan	16	2,378,100	3,215,202
Current liabilities			
Trade and other payables	17	182,784,316	269,449,531
Current portion of loan	16	843,890	822,522
		<u>183,628,206</u>	<u>270,272,053</u>
Contingencies and commitments	18	-	-
Total equity and liabilities		<u><u>533,103,149</u></u>	<u><u>686,364,851</u></u>

The annexed notes, from 1 to 36, form an integral part of these financial statements.



CHIEF EXECUTIVE

DIRECTOR

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

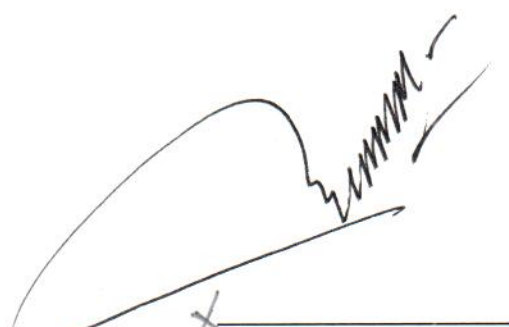
	Note	2022 Rupees	2021 Rupees
Operating revenue	19	148,488,879	242,944,864
Capital (loss) / gain on sale of investments - net		(10,450,853)	5,502,046
(Loss) / gain on re-measurement of investments through profit or loss - net	20	(42,587,870)	35,944,373
		<u>95,450,156</u>	<u>284,391,283</u>
Operating and administrative expenses	21	(180,444,740)	(222,988,180)
Other income	22	16,070,723	14,068,235
(Loss) / profit from operations		<u>(68,923,861)</u>	<u>75,471,338</u>
Finance cost	23	(763,195)	(1,032,912)
(Loss) / profit before taxation		<u>(69,687,056)</u>	<u>74,438,426</u>
Taxation	24	7,169,110	(5,903,158)
(Loss) / profit after taxation		<u>(62,517,946)</u>	<u>68,535,268</u>

The annexed notes, from 1 to 36, form an integral part of these financial statements.



 CHIEF EXECUTIVE





 DIRECTOR

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


	2022	2021
Note	Rupees	Rupees
(Loss) / profit after taxation	(62,517,946)	68,535,268
Other comprehensive income:		
Items that will not be subsequently reclassified to statement of profit or loss:		
Surplus on re-measurement of investment at FVOCI	6 (3,262,807)	64,142
Items that may be subsequently reclassified to statement of profit or loss		
	-	-
Total comprehensive (loss) / income for the year	<u>(65,780,753)</u>	<u>68,599,410</u>

The annexed notes, from 1 to 36, form an integral part of these financial statements.



 CHIEF EXECUTIVE





 DIRECTOR

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

	Issued, subscribed and paid-up capital	Fair value reserve of long term investment at FVOCI	Un- appropriated profit	Total equity
	----- (Rupees) -----			
Balance as at July 01, 2020	200,000,000	15,759,499	128,518,687	344,278,186
Profit after taxation	-	-	68,535,268	68,535,268
Other comprehensive income	-	64,142	-	64,142
Total comprehensive income for the year	-	64,142	68,535,268	68,599,410
Balance as at June 30, 2021	200,000,000	15,823,641	197,053,955	412,877,596
Balance as at July 01, 2021	200,000,000	15,823,641	197,053,955	412,877,596
Loss after taxation	-	-	(62,517,946)	(62,517,946)
Other comprehensive income	-	(3,262,807)	-	(3,262,807)
Total comprehensive loss for the year	-	(3,262,807)	(62,517,946)	(65,780,753)
Balance as at June 30, 2022	200,000,000	12,560,834	134,536,009	347,096,843

The annexed notes, from 1 to 36, form an integral part of these financial statements.



 CHIEF EXECUTIVE





 DIRECTOR

DARSON SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(69,687,056)	74,438,426
Adjustments for non cash and other items:			
Depreciation of property and equipment	4	4,285,776	3,889,758
Allowance for expected credit losses	9.1	4,764,274	908,699
Amortisation of intangible assets	5.2	120,903	121,411
Unrealized gain on investments	20	42,587,870	(35,944,373)
Capital (gain) / loss on sale of investments - net		10,450,853	(5,502,046)
Gain on sale of property and equipment		-	-
Finance cost	23	763,195	1,032,912
		<u>62,972,871</u>	<u>(35,493,639)</u>
Changes in working capital		(6,714,185)	38,944,787
Decrease / (increase) in current assets:			
Trade debts		60,646,309	(46,808,853)
Loans and advances		535,956	9,652,939
Short term deposits, prepayments and other receivables		89,515,028	(139,245,119)
		<u>150,697,293</u>	<u>(176,401,033)</u>
(Decrease) / increase in trade and other payables		<u>(86,665,219)</u>	<u>148,537,637</u>
		57,317,889	11,081,391
Financial cost paid		(763,195)	(1,032,912)
Taxes paid		<u>(3,920,288)</u>	<u>(4,943,732)</u>
Net cash generated from operating activities		52,634,406	5,104,747
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment		(2,329,380)	(12,124,429)
Payment for acquisition of intangible assets		-	(276,000)
Payment for short term investments - net		(23,145,337)	(9,849,349)
(Decrease) / Increase in long term deposits		<u>(100,000)</u>	<u>1,600,000</u>
Net cash used in investing activities		(25,574,717)	(20,649,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		-	4,438,000
Repayment of long term loan		<u>(815,734)</u>	<u>(400,276)</u>
Net cash (used in) / generated from financing activities		(815,734)	4,037,724
Net increase / (decrease) in cash and cash equivalents		26,243,955	(11,507,307)
Cash and cash equivalents at the beginning of the year		<u>74,792,104</u>	<u>86,299,411</u>
Cash and cash equivalents at the end of the year	14	<u>101,036,059</u>	<u>74,792,104</u>

The annexed notes, from 1 to 36, form an integral part of these financial statements.


 CHIEF EXECUTIVE


 DIRECTOR



DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND OPERATIONS

Darson Securities Limited ("the Company") was incorporated in Pakistan under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) having CIUN 0041048 as a public unlisted company on March 11, 2000. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited and had also acquired membership of the Pakistan Mercantile Exchange Limited (Formerly known as National Commodity Exchange Limited). It is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares, modaraba certificates, etc. The location and address of the registered and corporate office of the Company is as follow:-

LOCATIONS AND ADDRESSES OF COMPANY'S OFFICES

Sr. Particulars	Location
1. Head Office	Room no. 102, 1st Floor, Lahore Stock Exchange Building, Lahore.
2. Corporate Office	Room 807 & 808, 8th Floor, Business and Finance Center, Karachi

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except otherwise stated in the relevant accounting policy .

2.3 Functional and presentation currency

These financial statements are presented using the currency of economic environment of the country in which the company operates. These financial statements are presented in Pakistan Rupees, which is the Company's functional currency.

2.4 Critical Accounting Estimates & Judgements

The preparation of financial statements in conformity with accounting and reporting standards, requires management to use certain accounting estimates and exercise judgements in the process of applying the Company's accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. 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 revision and future periods, if the revision affects both current and future periods. The areas involving significant estimates or judgements are:

- Useful lives, residual values and depreciation method of property and equipment - Note 3.1 & 4
- Useful lives, residual values and amortisation method of intangible assets - Note 3.2 & 5
- Allowance for expected credit loss - Note 3.4 & 9.1
- Current income tax expense, provision for current tax and recognition of deferred tax asset - Note 3.8 & 8
- Estimation of provisions - Note 3.9
- Estimation of contingent liabilities - Note 3.13
- Revenue - Note 3.7
- Impairment of non financial assets - Note 3.11

2.5 New or amendments to existing standards and interpretations

2.5.1 Standards, amendments to published accounting and reporting standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to accounting and reporting standards are effective for accounting periods beginning on July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.



DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2.5.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following standards, amendments to the accounting and reporting standards and interpretations are mandatory for companies having accounting periods beginning on or after the below mentioned period:

Standards	Particulars	Effective date (annual periods beginning on or
IFRS - 3	Business Combinations (Amendments)	1 January 2022
IFRS - 7	Financial Instruments: Disclosures (Amendments)	1 January 2021
IFRS - 9	Financial Instruments (Amendments)	1 January 2021
IFRS - 16	Leases (Amendments)	1 January 2021
IAS - 1	Presentation of Financial Statements (Amendments)	1 January 2023
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	1 January 2023
IAS - 12	Income Taxes (Amendments)	1 January 2023
IAS - 16	Property, Plant and Equipment (Amendment)	1 January 2022
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	1 January 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and Equipment

Cost

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost in relation to property and equipment comprises acquisition and other directly attributable cost incurred in bringing the asset to its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they incurred.

Depreciation

Depreciation on property and equipment is charged to statement of profit or loss on a reducing balance method so as to write off cost / depreciable amount of an asset over its estimated useful life at the rates as disclosed in the Note 4 to the financial statements. Depreciation is charged from the date the assets are put to use while no depreciation is charged after the date when the assets are disposed off. The residual value and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount in the year the asset is derecognized) shall be charged to statement of profit or loss.

3.2 Intangible assets

These include membership cards of PMEX, Trading Right Entitlement Certificates (TREC) and Offices and Website & Software.

a) Finite useful life

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated amortisation and accumulated impairment loss, if any. The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amount and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount. Intangible assets are amortised using the reducing balance method over their useful life as disclosed in Note 5.2 to the financial statements.

b) Infinite useful life

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated impairment losses, if any. Cost on initial recognition in an acquisition transaction is determined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of asset acquisition. When there is an exchange of assets and the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.



DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3.2.1 Other Intangibles

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged using the reducing balance method over assets estimated useful life at the rates stated in Note 5.2 to the financial statements, after taking into accounts residual value, if any. The residual values, useful life and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortisation is charged from the date the assets are put to use while no amortisation is charged after the date when the assets are disposed off.

Gains and losses on disposal of such assets, if any, are included in the statement of profit or loss

3.2.2 Membership cards and offices

These are stated at cost less accumulated impairment losses, if any. The carrying amount is reviewed at each reporting 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.

3.3 Financial Instruments

A financial instrument is any asset that gives rise to a financial asset of an entity and a financial liability or equity instruments of another entity. The Company recognizes an investment when and only when it becomes a party to the contractual provisions of the instrument .

3.3.1 Financial Assets

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

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(ii) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value and transaction cost, if any is expensed out in the statement of profit or loss.

3.3.1.1 Initial Recognition

The Company recognizes an investment when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own investments. Trade date is the date on which the Company commits to purchase or sell its asset.



3.3.1.2 Subsequent measurement

(a) Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost (determined using the effective interest method) less accumulated impairment losses, if any. Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in statement of profit or loss.

(a) Financial assets at FVTOCI

These are subsequently measured at fair value less accumulated impairment losses, if any.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in statement of comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in statement of profit or loss.

(a) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in statement of profit or loss.

3.3.2 Financial Liabilities

(a) Initial measurement

Financial liabilities are classified as measured at amortised 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.

(b) Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses if any, are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

3.3.3 Derecognition

a) Financial Assets

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

b) Financial Liabilities

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

3.3.4 Impairment

The Company's financial assets that are subject to the impairment requirements of IFRS 9 are trade debts.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for above mentioned financial assets. The Company measures expected credit losses in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in statement of profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.3.5 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position, if the Company has a legal right to set off the transaction and also intends, either to settle on a net basis or to realize the asset and settle the liability simultaneously.



DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3.4 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss. The company has applied simplified approach to measure expected credit losses, which uses a life time expected credit loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

3.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position are carried at cost. For the purpose of statement of cash flows cash and cash equivalents comprise cash and bank balances in deposit and current accounts.

3.6 Trade and other payables

These amounts represents liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid.

3.7 Revenue recognition

Revenue is recognised at the time when control is transferred to the customer. This is usually when services are provided. Revenue from different sources of income is recognized as follows:

- Brokerage, commission etc. are recognized as and when such services are provided and right to receive payment is established.
- Profit
- Dividend income is recorded when the right to receive the dividend is established.
- Gains /
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in statement of profit or loss for the period in which they arise.

3.8 Taxation

Current

Provision of rates tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provide for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amounts of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to statement of comprehensive income or directly to equity, in which case it is included in comprehensive income or equity.

3.9 Provisions

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

3.10 Foreign currency translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in statement of profit or loss for the year.



DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3.11 Impairment of non financial assets

The carrying amount of the company's assets, for which policy is given separately, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are charged to statement of profit or loss.

3.12 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the transaction is settled. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

However, the company follows trade date accounting for its own investments. Trade date is the date on which the company commits to purchase or sell its asset.

3.13 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.14 Transactions with related parties

Transactions with related parties are carried out at arm's length prices.



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4 PROPERTY AND EQUIPMENT

	Land	Furniture and Fixture	Office Equipment	Computer Equipment	Vehicles	Total
	(-----Rupees-----)					
As at July 01, 2020						
Cost	43,542,600	5,908,714	7,048,790	9,756,079	21,516,712	87,772,895
Accumulated depreciation	-	(4,705,274)	(3,174,664)	(3,873,892)	(12,517,832)	(24,271,662)
Net book value	43,542,600	1,203,440	3,874,126	5,882,187	8,998,880	63,501,233
For the year ended June 30, 2021						
Opening net book value	43,542,600	1,203,440	3,874,126	5,882,187	8,998,880	63,501,233
Additions during the year	-	-	2,252,633	3,331,541	6,540,255	12,124,429
Depreciation charge	-	(120,344)	(496,933)	(782,687)	(2,489,794)	(3,889,758)
Closing net book value	43,542,600	1,083,096	5,629,826	8,431,041	13,049,341	71,735,904
As at June 30, 2021						
Cost	43,542,600	5,908,714	9,301,423	13,087,620	28,056,967	99,897,324
Accumulated depreciation	-	(4,825,618)	(3,671,597)	(4,656,579)	(15,007,626)	(28,161,420)
Net book value	43,542,600	1,083,096	5,629,826	8,431,041	13,049,341	71,735,904
As at July 01, 2021						
Cost	43,542,600	5,908,714	9,301,423	13,087,620	28,056,967	99,897,324
Accumulated depreciation	-	(4,825,618)	(3,671,597)	(4,656,579)	(15,007,626)	(28,161,420)
Net book value	43,542,600	1,083,096	5,629,826	8,431,041	13,049,341	71,735,904
For the Year ended June 30, 2022						
Opening net book value	43,542,600	1,083,096	5,629,826	8,431,041	13,049,341	71,735,904
Additions during the year	-	186,500	484,155	1,585,225	73,500	2,329,380
Depreciation charge	-	(115,189)	(598,122)	(958,811)	(2,613,654)	(4,285,776)
Closing net book value	43,542,600	1,154,407	5,515,859	9,057,455	10,509,187	69,779,508
As at at June 30, 2022						
Cost	43,542,600	6,095,214	9,785,578	14,672,845	28,130,467	102,226,704
Accumulated depreciation	-	(4,940,807)	(4,269,719)	(5,615,390)	(17,621,280)	(32,447,196)
Net book value	43,542,600	1,154,407	5,515,859	9,057,455	10,509,187	69,779,508
Annual rate of depreciation	-	10%	10%	10%	20%	



DARSON SECURITIES LIMITED
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	Note	2022 Rupees	2021 Rupees
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate and Offices	5.1	53,052,165	53,052,165
Membership - Pakistan Mercantile Exchange Limited (PMEX)		<u>1,000,000</u>	<u>1,000,000</u>
		54,052,165	54,052,165
Website and Software	5.2	<u>483,617</u>	<u>604,520</u>
		<u>54,535,782</u>	<u>54,656,685</u>
5.1 Trading Right Entitlement Certificate and Offices			
Trading Right Entitlement Certificate			
Cost		5,000,000	5,000,000
Impairment		<u>(2,500,000)</u>	<u>(2,500,000)</u>
	5.1.1	2,500,000	2,500,000
Offices / Booths			
Pakistan Stock Exchange Limited		<u>50,552,165</u>	<u>50,552,165</u>
		<u>53,052,165</u>	<u>53,052,165</u>

5.1.1 This represents TREC received by the company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. These have been carried at cost less accumulated impairment losses, if any.

	Note	2022 Rupees	2021 Rupees
5.2 Website and Software			
Net carrying amount			
Opening net book value		604,520	449,931
Additions		-	276,000
Amortisation		<u>(120,903)</u>	<u>(121,411)</u>
Closing net book value		<u>483,617</u>	<u>604,520</u>
Gross carrying amount			
Cost		725,931	725,931
Accumulated Amortisation		<u>(242,314)</u>	<u>(121,411)</u>
Net book value		<u>483,617</u>	<u>604,520</u>
Amortisation rate		<u>20%</u>	<u>20%</u>

6 LONG TERM INVESTMENTS

Investments - at fair value through other comprehensive income

- LSE Financial Services Limited	6.1	19,669,681	19,605,539
- Adjustment for remeasurement to fair value		<u>(3,262,807)</u>	<u>64,142</u>
		<u>16,406,874</u>	<u>19,669,681</u>

6.1 This represents trading rights in LSE Financial Services Limited which had been replaced with membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act). Subsequently from 11th January, 2016, Lahore, Islamabad and Karachi Stock Exchanges have been integrated to form Pakistan Stock Exchange with the approval of SECP. Pursuant to demutualization in 2012, the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards, the ownership in the stock exchanges has been restricted from the right to trade on the exchange. Therefore, the membership cards were replaced by shares and trading rights entitlement certificate (TREC) in the exchange, representing ownership and rights to trade respectively. As a result 843,975 shares of Rs.10/- each have been allotted to the Company out of which 60% (506,385) of the shares were blocked in a separate account held with CDC and remaining 40% were available to members with no conditions on their future sale.

The Institute of Chartered Accountants of Pakistan (ICAP) in its 'selected opinion' concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost /carrying value of the membership card between the two distinct assets on a reasonable basis. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).



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Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stressed that any subsequent measurement of the shares and / or TREC would only be possible where reliable fair values can be measured. This would most likely happen when the blocked shares are sold to the strategic investor or to the general public through an IPO and an active market develops for the TREC.

The shares are neither listed on any exchange nor are they actively traded. The latest net asset value per share of these shares as notified by LSE Financial Services Limited is Rs. 19.44 per share as at June 30, 2022 (2021: Rs 23.306).

	Note	2022 Rupees	2021 Rupees
7 LONG TERM DEPOSITS			
Trading deposits placed with:			
Deposit with CDC		200,000	200,000
Deposit with PSX		200,000	200,000
Deposit with NCCPL		1,200,000	1,200,000
Other security deposits:			
Deposit with PSO		343,450	243,450
		<u>1,943,450</u>	<u>1,843,450</u>

8 DEFERRED TAX ASSET

2022			
At July 1, 2021	Recognised in P&L	Recognised in OCI	At June 30, 2022
Rupees in '000'			
Deductible Temporary Differences on :			
Property & Equipment	-	(1,920,894)	-
			(1,920,894)
Taxable Temporary Differences on			
Business losses	-	1,067,535	-
Depreciation losses	-	9,192,288	-
Allowance for expected credit loss	-	1,645,162	-
	-	9,984,091	-
			9,984,091
2021			
At July 1, 2020	Recognised in P&L	Recognised in OCI	At June 30, 2021
Rupees in '000'			
Deductible Temporary Differences on			
Property & Equipment	-	-	-
			-
Taxable Temporary Differences on			
Business losses	-	-	-
Depreciation losses	-	-	-
Allowance for expected credit loss	-	-	-
	-	-	-
			-

8.1 In the absence of future taxable profit projections due to unanticipated circumstances, no amount of deferred tax asset was recognized in the year 2021.

	Note	2022 Rupees	2021 Rupees
9 TRADE DEBTS			
Trade debts - considered good	9.2	40,308,132	105,718,715
Trade debts - considered doubtful		5,672,973	908,699
		<u>45,981,105</u>	<u>106,627,414</u>
Less : Allowance for expected credit losses	9.1	(5,672,973)	(908,699)
		<u>40,308,132</u>	<u>105,718,715</u>

9.1 Movement in allowance for expected credit losses of trade debts is as below:



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	Note	2022 Rupees	2021 Rupees
Opening balance		908,699	-
Charge for the year		4,764,274	908,699
Closing balance		5,672,973	908,699

9.2 This includes Rs. 1.65 million (2021:Rs. 2.47 million) due from related parties. The Company holds capital securities having fair value of Rs. 446.08 million (2021: Rs.555.08 million) owned by its clients, as collaterals against trade debts.

	Note	2022 Rupees	2021 Rupees
9.3 Aging Analysis			
The aging analysis of trade debt is as follows:			
Upto fourteen days		35,325,292	99,193,849
More than fourteen days		10,655,813	6,524,866
		45,981,105	105,718,715

10 LOAN AND ADVANCES

Unsecured - Considered good

	Note	2022 Rupees	2021 Rupees
Advance to employees		8,013,062	8,549,018
Advance against software		813,751	813,751
		8,826,813	9,362,769

11 SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Pakistan Mercantile Exchange clearing deposit		1,227,426	1,530,796
National Clearing Company Pakistan limited	11.1	5,526,938	28,087,407
Exposure margin deposit - future	11.1	53,517,274	96,878,018
Exposure margin deposit - ready	11.1	34,909,117	65,677,251
Base minimum capital deposit - house	11.2	6,200,000	-
Gem board exposure margin deposit - house	11.3	47,000	-
Prepayments		2,897,932	1,667,243
Other receivables		487,067	487,067
		104,812,754	194,327,782

11.1 These represents deposits with National Clearing Company of Pakistan Limited against exposure arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

11.2 This amount represents deposits with PSX which is calculated as per the slabs given in PSX/N-351, to meet the shortfall and the requirements of the act.

11.3 This amount represents as required by Chapter 5A (Regulations governing and trading of equity securities on growth enterprise market) of PSX Rule Book.

	Note	2022 Rupees	2021 Rupees
12 SHORT TERM INVESTMENTS			
At fair value through profit or loss:			
Shares of listed companies - at fair value	12.1	88,947,334	118,840,716

12.1 Investments in shares of listed companies at fair value through profit or loss:

Name of Securities	2022	2021	2022	2021
	Number of shares	Number of shares	Rupees	Rupees
Pakistan Stock Exchange Limited	1,644,500	1,644,500	16,823,235	36,688,795
Bank of Punjab Limited	1,289,636	888,455	6,989,827	7,463,022
Bank Alfalah Limited	146,355	146,355	4,683,360	4,709,704
Pakistan Engineering Company Limited	1,100	1,100	320,155	388,300
Silk Bank Limited	1,652,494	1,652,494	1,949,943	3,321,513
Escorts Investments Bank Limited	150,500	150,500	1,006,845	1,518,545



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Name of Securities	2022	2021	2022	2021
	Number of shares		Rupees	Rupees
Engro Corporation Limited	1,718	1,768	441,681	520,870
Worldcall Telecom Limited	86,121	743,600	114,541	2,944,656
Zeal Pak Cement Factory Limited	2,842,200	2,842,200	1,250,568	1,250,568
Standard Chartered Bank (Pakistan) Limited	50,000	50,000	955,500	1,694,000
Beema Pakistan Limited	445,000	445,000	-	-
Habib Bank Limited	14,271	12,772	1,303,513	1,562,910
MCB Bank Limited	7,418	9,418	912,266	1,505,279
TRG Pakistan Limited	5,500	28,000	425,315	4,714,360
Fauji Foods Limited	200,000	-	1,326,000	-
Pakistan Refinery Ltd.	75,000	-	1,341,750	-
The Organic Meat Co. Ltd.	63,100	-	1,378,104	-
Panther Tyres Ltd	45,500	-	1,474,200	-
Aisha Steel Mills Limited	141,770	-	1,566,559	-
Hub Power Company Limited	25,444	-	1,734,517	-
Engro Polymer	35,500	-	2,826,865	-
Tpl Properties Limited	363,000	-	7,318,080	-
Telecard Limited	1,193,000	-	12,920,190	-
Others	2,311,746	3,058,066	19,884,320	50,558,194
	<u>12,790,873</u>	<u>11,674,228</u>	<u>88,947,334</u>	<u>118,840,716</u>

13 TAX REFUND DUE FROM THE GOVERNMENT

Opening balance	35,417,045	36,376,471
Add: Tax deducted during the year	3,920,288	4,943,732
	39,337,333	41,320,203
Adjusted against provision for taxation	(2,814,981)	(5,903,158)
Closing balance	<u>36,522,352</u>	<u>35,417,045</u>

14 CASH AND BANK BALANCES

Cash in hand		307,172	142,837
Cash at bank			
- In current accounts		93,263,099	34,396,968
- In saving accounts	14.1	7,465,788	40,252,299
	14.2	100,728,887	74,649,267
		<u>101,036,059</u>	<u>74,792,104</u>

14.1 This carries profit rate ranging from 5.5% to 12.50% (2021: 6.0%) per annum.

14.2 Cash at bank			
- House account		2,699,985	4,270,516
- Client account		98,028,902	70,378,751
		<u>100,728,887</u>	<u>74,649,267</u>

15 SHARE CAPITAL

15.1 AUTHORIZED SHARE CAPITAL

	2022	2021	2022	2021
	(---Number of shares---)		Rupees	Rupees
Ordinary shares of Rs. 100 each	5,000,000	5,000,000	500,000,000	500,000,000

15.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares of Rs. 100 each				
fully paid in cash	2,000,000	2,000,000	200,000,000	200,000,000

15.2.1 There is no change in the issued, subscribed and paid up capital of the company therefore reconciliation of number of shares outstanding is not provided.



DARSON SECURITIES LIMITED
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	Note	2022 Rupees	2021 Rupees
16 LONG TERM LOAN	16.1	3,221,990	4,037,724
Opening balance		4,037,724	-
Loan obtained during the year		-	4,438,000
Interest expense		420,286	197,752
Paid during the year		(1,236,020)	(598,028)
Closing balance		3,221,990	4,037,724
Current		843,890	822,522
Non-Current		2,378,100	3,215,202
		3,221,990	4,037,724
16.1	This represents long term loan obtained from Soneri Bank Limited for the purpose of purchasing vehicles. The markup rate is 1YK+2%. These loans are secured through Joint Ownership of the vehicles purchased by utilising the loans		
16.2 Maturity Analysis of long term loan - undiscounted contractual cash flows	Note	2022 Rupees	2021 Rupees
Up to one year		1,235,666	1,187,180
After one year		2,819,912	3,797,688
		4,055,578	4,984,868
17 TRADE AND OTHER PAYABLES			
Trade creditors		173,468,850	244,919,128
Accrued expenses		9,315,466	24,530,403
		182,784,316	269,449,531
18 CONTINGENCIES AND COMMITMENTS			
There are no known contingencies and commitments as at June 30, 2022 (June 30, 2021 : nil).			
19 OPERATING REVENUE			
Brokerage income		142,654,906	239,479,359
Dividend income		5,833,973	3,465,505
		148,488,879	242,944,864
20 GAIN ON RE-MEASUREMENT OF INVESTMENTS THROUGH PROFIT OR LOSS - NET			
Opening market value		88,947,334	118,840,716
Closing market value		131,535,204	82,896,343
		(42,587,870)	35,944,373
21 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits		93,583,256	121,361,482
Commission		24,609,453	39,445,330
entertainment		8,202,303	8,238,100
Utility		6,862,088	6,378,038
Computer charges		7,906,738	5,728,398
CDC and NCCPL charges		4,545,141	7,639,232
Depreciation	4	4,285,776	3,889,758
Directors remuneration		2,220,000	2,220,000
Legal and professional charges		2,223,902	2,533,541
Printing and stationary		2,525,243	1,534,762
Rent		-	310,000
Traveling and conveyance		838,173	588,937
Insurance		1,371,135	1,426,466
Fee and other regulatory charges		888,397	1,452,366
SECP transaction fee		656,298	1,196,964
Auditors' remuneration	21.3	275,000	275,000



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NOTES TO THE FINANCIAL STATEMENTS
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	Note	2022 Rupees	2021 Rupees
Allowance for expected credit loss		4,764,274	908,699
Communication and postage		299,054	287,301
Donation	21.1	305,000	5,484,925
Amortisation	5.2	120,903	121,411
Miscellaneous		13,962,606	11,967,470
		<u>180,444,740</u>	<u>222,988,180</u>

21.1 None of the directors and their spouses have any interest in donee's fund to which donations are made.

21.2 Donation of Rs. 5,000,000 was given to Roshni Trust Gujranwala.

21.3 Auditors' Remuneration

Annual audit fee		<u>275,000</u>	<u>275,000</u>
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	Note	2022 Rupees	2021 Rupees
22 OTHER INCOME			
Other miscellaneous income		9,522,098	12,465,158
Profit on deposits with banks		6,548,625	1,603,077
		<u>16,070,723</u>	<u>14,068,235</u>

23 FINANCE COST

Bank charges		342,909	835,160
Interest on long term loan		420,286	197,752
		<u>763,195</u>	<u>1,032,912</u>

24 TAXATION

Current	24.1	2,814,981	5,903,158
Deferred		(9,984,091)	-
		<u>(7,169,110)</u>	<u>5,903,158</u>

24.1 Income tax assessments of the Company are deemed to be finalized as per tax returns filed up to tax year 2021. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

The company has sufficient brought forward tax losses as at the year end in accordance with provisions of the Income Tax Ordinance, 2001.

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	2,220,000	-	28,695,008	2,220,000	-	15,711,654
Bonus	-	-	-	-	-	-
Housing and Utilities	-	-	-	-	-	-
	<u>2,220,000</u>	<u>-</u>	<u>28,695,008</u>	<u>2,220,000</u>	<u>-</u>	<u>15,711,654</u>
Number of persons	1	3	19	1	2	9

26 RELATED PARTY TRANSACTIONS

The related parties comprise key management personnel of the Company. The Company in the ordinary course of business carries out transactions with these related parties at arm's length.

Transactions with related parties such as remuneration and other benefits paid to directors, chief executive and executives during the year are disclosed in Note 8.2 and 24 of the financial statements. However, details of other transactions with the related parties have been specifically disclosed elsewhere in these financial statements, are as under:



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Relationship with party	Nature of transactions	2022	2021
		Rupees	Rupees
Chief Executive Officer	Trade Debts	1,653,152	13,220,143
	Brokerage commission earned	1,075,137	412,423

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

27.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

27.2 Financial assets and liabilities by category and their respective maturities

	Balances as at June 30, 2022		Balances as at June 30, 2021	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
-----Rupees-----				
Financial assets				
Investment at fair value through other comprehensive income				
Long term investments	-	16,406,874	-	19,669,681
Investment at fair value through profit or loss				
Short term investments	88,947,334	-	118,840,716	-
At amortised cost				
Long term deposits	-	1,943,450	-	1,843,450
Trade debts - considered good	40,308,132	-	105,718,715	-
Short term deposits, prepayments and other receivables	101,914,822	-	192,660,539	-
Cash and bank balances	101,036,059	-	74,792,104	-
	<u>243,259,013</u>	<u>1,943,450</u>	<u>373,171,358</u>	<u>1,843,450</u>
	<u>332,206,347</u>	<u>18,350,324</u>	<u>492,012,074</u>	<u>21,513,131</u>
Financial liabilities at amortised cost				
Trade and other payables	180,293,679	-	260,979,974	-
Long term loan	843,890	2,378,100	822,522	3,215,202
	<u>181,137,569</u>	<u>2,378,100</u>	<u>261,802,496</u>	<u>3,215,202</u>

27.3 Fair values estimate

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair value at initial recognition:

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long term deposits and long term investment, the fair value of financial assets and financial liabilities recognized in these financial statements equals the transaction price at initial recognition.



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Valuation techniques and inputs used:

For financial instruments, since majority of the interest bearing instruments are variable rate based instruments carried at amortised cost, there is no difference in carrying amount and the fair value.

Fair value of the Company's financial assets and liabilities that are measured at fair value on recurring basis after initial recognition:

The company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgement and estimation. The long term investment and short term investments at fair value through other comprehensive income and through profit or loss respectively been categorized as follows:-

Level	June 30, 2022		June 30, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value

-----Rupees-----

Financial assets carried at Fair Value:

Long term investments	2	16,406,874	16,406,874	19,660,681	19,660,681
Short term investments	1	88,947,334	88,947,334	118,840,716	118,840,716

Fair value of the Company's financial assets and liabilities that are not measured at fair value after initial recognition:

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values.

27.4 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

27.5 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. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would causes their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. 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.

Credit risk of the Company arises from deposits with banks, trade debts, deposits with regulatory authorities, long term investments, short term investments 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 net 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 management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	2022	2021
	Rupees	Rupees
Fair value through OCI		
Long term investments	16,406,874	19,669,681
Short term investments	88,947,334	118,840,716
At amortised cost		
Long term deposits	1,943,450	1,843,450
Trade receivable - considered good	40,308,132	105,718,715
Short term deposits, prepayments and other receivables	104,812,754	194,327,782
Bank balances	100,728,887	74,649,267
	353,147,431	515,049,611



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i) Credit quality and impairment:

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Counterparties, with the exception of long-term deposits, long term investments, trade debts and other receivables have external credit ratings determined by various credit rating agencies as follow:

Bank Name	Agency	ST Rating	LT Rating	2022	2021
				Rupees	Rupees
MCB Bank Limited	PACRA	A1+	AAA	3,513,745	20,474,975
Habib Bank Limited	JCR-VIS	A-1+	AAA	2,484,737	9,197,421
Bank Al Habib Limited	PACRA	A1+	AAA	884,719	1,402,116
Bank Alfalah Limited	PACRA	A1+	AA+	401,483	422,614
Silk Bank Limited	JCR-VIS	A-2	A-	52,297	47,497
Habib Metro Bank Limited	PACRA	A1+	AA+	106,687	582,656
BankIslami Pakistan Limited	PACRA	A1	A+	3,887,785	1,716,775
JS Bank Ltd	PACRA	A1+	AA-	223,068	438,204
United Bank Limited	JCR-VIS	A-1+	AAA	573,572	679,170
Soneri Bank Limited	PACRA	A1+	AA-	87,647,677	39,682,839
				2022	2021
Bank Name	Agency	ST Rating	LT Rating	Rupees	Rupees
Bank of Punjab	PACRA	A1+	AA+	239,956	5,000
Bank of Khyber	PACRA	A1	A	4,435	-
Meezan Bank Limited	JCR-VIS	A-1+	AAA	708,726	-
				100,728,887	74,649,267

27.6 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines. The following are the contractual maturities of the financial liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

	2022	2021
	Rupees	Rupees
Maturity up to one year:		
Trade and other payables	182,784,316	269,449,531
Current portion of loan	843,890	822,522
	183,628,206	270,272,053
Maturity for more than one year:		
Loan	2,378,100	3,215,202

27.7 Market risk

Market risk means that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as, foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and equity risk. The market risk associated with the company's business activities are discussed as under:

27.7.1 Foreign exchange risk

Currency Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not exposed to currency risk as the Company does not maintain bank accounts in foreign currencies and does not have any receivables and payables in foreign currency.

27.7.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company analyzes its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available.



DARSON SECURITIES LIMITED
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	2022 Rupees	2021 Rupees
Financial liabilities		
Variable rate instruments:		
Long term loan	<u>3,221,990</u>	<u>4,037,724</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term loan at the year end, fluctuate by 1% higher /lower with all the other variables held constant, loss after taxation for the year would have been Rs. 32,220 (2021: Rs. 40,377) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

27.7.3 Equity Price Risk

Equity price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 88.947 million (2021: Rs. 118.840 million) at the reporting date. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

28 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders and to maintain strong capital base to support the development of its business. The Company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may adjust amount of dividend paid to shareholders or issue new shares.

28.1 Liquid Capital

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	69,779,508	100.00%	-
1.2	Intangible Assets	54,535,782	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
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.	88,947,334	15,734,939	73,212,395
	ii. If unlisted, 100% of carrying value.	16,406,874	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.	-	-	-



DARSON SECURITIES LIMITED
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Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	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.	101,427,755	-	101,427,755
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	3,728,449	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.	-	-	-
	Amounts receivable against Repo financing.			
1.14	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 PLUS ii. Advance tax to the extent it is netted with provision of taxation.	45,349,165	-	45,349,165
	iii. Receivables other than trade receivables	5,219,795	5,219,795	-
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	-	-	-
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 finance (iii) market value of any securities deposited as collateral after applying VaR based haircut.	17,797,031	-	17,797,031
	<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>	15,986,748	-	15,986,748
	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>	9,635,497	5,620,579	5,620,579



DARSON SECURITIES LIMITED
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Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<i>vi. 100% haircut in the case of amount receivable form related parties.</i>	1,653,152	100.00%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	2,699,985	-	2,699,985
	ii. Bank balance-customer accounts	98,028,902	-	98,028,902
	iii. Cash in hand	307,172	-	307,172
1.19	Total Assets	533,103,149		360,429,732
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	173,468,850	-	173,468,850
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	9,315,466	-	9,315,466
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	843,890	-	843,890
	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 institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	2,378,100	2,378,100	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. <i>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. 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	-	-	-
2.4	Subordinated Loans			
	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	186,006,306		183,628,206



DARSON SECURITIES LIMITED
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Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
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.	-	14,627,661	14,627,661
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 issues : 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 issues 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 currenecy 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 finance/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	-	-	-
3.9	Opening Positions in futures and options i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applyiong VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	121,941	121,941
3.10	Short sell positions i. Incase 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. Incase 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 Liabilites	-	-	14,749,602
	Liquid capital balance	347,096,843	-	347,096,843



DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	2022	2021
29 NUMBER OF EMPLOYEES		
Number of employees at year end	<u>16</u>	<u>19</u>
Average number of employees during the year	<u>16</u>	<u>19</u>

30 DETAIL OF SECURITIES AS PER BACK OFFICE RECORD AND CDC RECORD

As per Back Office Record	Own Account	Client Account	As per CDC Record	Own Account	Client Account
No. of Shares			No. of Shares		
Securities Held (REG)	12,820,874	173,560,959	Securities available	6,028,664	171,782,673
			Securities Pledged with PSX / NCCPL	6,326,209	1,760,500
Securities Held (MF)	3,126,500	-	Securities pledged with Banks	436,000	-
			Pre-Settlement Delivery	-	-
			Reconciling Entries:		
			Pending out	-	17,786
			Frozen securities	30,001	-
			MFS (HOUSE)	3,126,500	-
			Book closure (BYCO Petroleum)	-	-
Total	15,947,374	173,560,959	Total	15,947,374	173,560,959

31 DETAIL OF SECURITIES PLEDGED

	No. of shares	Amount in Rs.
- House account	6,326,209	76,988,700
- Client account	1,760,500	22,804,630
	<u>8,086,709</u>	<u>99,793,330</u>

32 PATTERN OF SHARE HOLDING

CATEGORIES OF SHAREHOLDERS			
NAME OF DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	SHAREHOLDERS	SHARES HELD	PERCENTAGE
M. Anwar Dar		386,100	19.31%
M. Farooq Dar		751,900	37.60%
Malik Dil Awayz Ahmed		2,000	0.10%
Malik Nadeem Asghar		55,000	2.75%
Waheed Asghar Malik		55,000	2.75%
M. Ayan Dar		262,500	13.13%
M. Hassan Dar		262,500	13.13%
Esha Dar		131,250	6.56%
Rida Dar		93,750	4.69%
Associated companies, undertakings and related parties		-	0.00%
Executives		-	0.00%
Public Sector Companies and Corporations		-	0.00%
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds		-	0.00%
Others		-	0.00%
Total		2,000,000.00	100%
SHAREHOLDERS HOLDING 5% OR MORE			
NAME		SHARES HELD	PERCENTAGE
M. Anwar Dar		386,100	19.31%
M. Farooq Dar		751,900	37.60%
M. Ayan Dar		262,500	13.13%
M. Hassan Dar		262,500	13.13%
Esha Dar		131,250	6.56%



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	2022 Rupees	2021 Rupees
33 CAPITAL ADEQUACY LEVEL		
The Capital adequacy level as required by CDC is calculated as follows;		
Total Assets	533,103,149	686,364,851
Less: Total Liabilities	186,006,306	273,487,255
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
	347,096,843	412,877,596

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by Darson Securities Limited as at June 30, 2022 as determined by Pakistan Stock Exchange has been considered.

34 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. There have been no reclassification in these financial statements.

35 GENERAL

Figures have been rounded off to the nearest rupee.

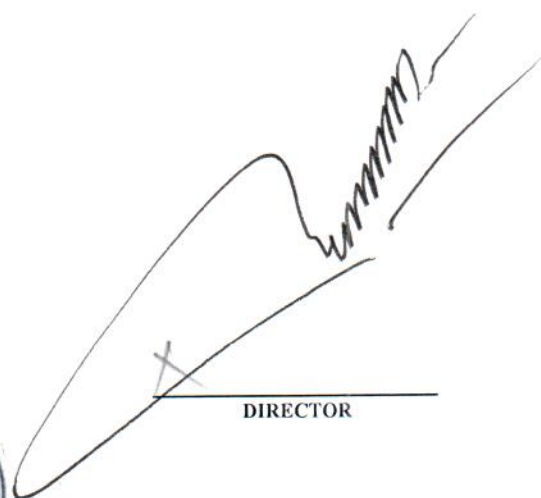
36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 06, 2022.



 CHIEF EXECUTIVE





 DIRECTOR