

**Azee Securities (Private) Limited  
Financial Statements  
For the year ended June 30, 2021**

## INDEPENDENT AUDITOR'S REPORT

To the members of Azee Securities (Private) Limited

Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the annexed financial statements of **Azee Securities (Private) Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2021** and the statement of profit or loss and 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 explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the basis of qualified opinion paras, the statement of financial position, statement of profit or loss and 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 **June 30, 2021** and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Qualified Opinion

1. As reported in note 9 to the financial statements, the company has created an allowance for expected credit loss of Rs. 89.40 million against trade receivables. We are unable to obtain sufficient appropriate evidence as to adequacy of above amount and resultantly we are unable to verify its impact on balance of trade receivable as on June 30, 2021 and statement of profit or loss for the year.
2. As disclosed in note 16.1 the company has defaulted in payment of Sindh Sales Tax liability which could attract the default surcharge and penalty which is not recognized in the financial statements. We have not received sufficient appropriate evidence as to whether the outcome will be in favour of the company and respectively provision will be required in the enclosed financial statements.



#### Offices also at:

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Tel: +92(0)42-35754821-22 E-mail: nasirgulzar@njmi.net

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

Tel: + 92 (51) 2228138 Fax: + 92 (51) 2228139 E-mail: islamabadoffice@njmi.net

3. During the year the company has recorded capital gain on sale of short term investment amounting to Rs. 13.89 Million and unrealized gain on re-measurement of investments amounting to Rs. 10.56 Million. The management has not provided the supporting evidence to verify the cost of investment in shares sold. Resultantly we were unable to verify the related impact on the statement of profit or loss for the year.

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

#### **Material Uncertainty relating to Going Concern**

We draw attention to notes 1.3, 31 and 32 to the accompanying financial statements which shows the net capital and liquid capital balance of the company as at June 30, 2021 was negative Rs. (20.67) Million and Rs. (35.67) Million respectively, which is substantially less than the amount required under Securities Brokers (Licensing and Operations) Regulations, 2016. As a result, the Pakistan Stock Exchange may terminate the trading facilities of the company due to lack of regulatory net capital and liquid capital balance requirement. We further draw attention to note 16.2 where action have been taken by Pakistan Stock Exchange Limited subsequent to year end and switched off trading terminals due to above violation and company has obtained suspension order for restoration from High Court of Sindh. This indicates the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Emphasis of Matters**

We draw attention to the note 16.3 of the financial statements which describes that the SECP have imposed penalty amounting Rs. 1 Million on the Company for non-compliance of certain regulations. The Company has filed appeal before the SECP Appellate Bench against the same.

Our opinion is not modified in respect of the above matters.

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

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



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. Further matters described in the basis for qualified opinion section above, we conclude that the other information is also materially misstated with respect to these matter.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### Report on Other Legal and Regulatory Requirements

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

- a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and 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.
- e) the company was not in compliance with the requirement of Section 78 of the Securities Act, 2015 and the relevant requirements of Securities Brokers (Licencing and Operation) Regulations 2016 as at the date on which financial statements were prepared.

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


Dated: 08 DEC 2021  
Karachi

NASIR JAVAID MAQSOOD IMRAN  
Chartered Accountants

**AZEE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Rupees 2021	Rupees 2020
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property & equipment	7,804,673	6,447,519
Right-of-use asset	7,359,300	-
Intangible assets	3,515,000	3,515,000
Long term advances & deposits	4,259,600	12,403,000
Deferred taxation	-	-
	<b>22,938,573</b>	<b>22,365,519</b>
<b>CURRENT ASSETS</b>		
Trade receivables	136,905,335	147,784,808
Advances, deposits, pre-payments & other receivables	5,009,842	34,985,566
Short term investment	92,157,304	44,962,554
Cash & bank balances	14,109,169	15,645,695
	<b>248,181,651</b>	<b>243,378,622</b>
<b>TOTAL ASSETS</b>	<b>271,120,224</b>	<b>265,744,141</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
<b>Authorized Capital</b>		
15,000,000 (2020: 15,000,000) ordinary shares of Rs. 10/- each	<b>150,000,000</b>	<b>150,000,000</b>
Issued, subscribed and paid-up capital	95,000,000	95,000,000
Reserves	(32,084,367)	(13,387,246)
	<b>62,915,633</b>	<b>81,612,754</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term loan	11,130,750	11,130,750
Ijarah financing	4,932,926	-
	<b>16,063,676</b>	<b>11,130,750</b>
<b>CURRENT LIABILITIES</b>		
Current maturity of Ijarah financing	2,942,575	-
Short term borrowings - secured	61,080,439	142,152,315
Trade payables	104,702,026	15,025,411
Taxation - net	7,894,475	-
Accrued expenses & other liabilities	15,521,400	15,822,911
	<b>192,140,915</b>	<b>173,000,637</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>271,120,224</b>	<b>265,744,141</b>

*The annexed notes from 1 to 37 form an integral part of these financial statements*


Chief Executive

Director

**AZEE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	Rupees 2021	Rupees 2020
<b>REVENUE</b>			
Operating revenue	17	83,428,796	55,698,034
Capital gain on sale of securities		13,893,565	17,416,499
Unrealised gain / (loss) on remeasurement of investment at fair value - through profit or loss		10,561,419	11,070,170
		<u>107,883,780</u>	<u>84,184,703</u>
Administrative expenses	18	(136,093,412)	(65,610,903)
Finance cost	19	(17,021,177)	(29,037,765)
		<u>(153,114,589)</u>	<u>(94,648,669)</u>
<b>Operating loss</b>		<b>(45,230,809)</b>	<b>(10,463,966)</b>
Other income	20	21,745,172	9,477,705
<b>Loss before taxation</b>		<b>(23,485,637)</b>	<b>(986,261)</b>
Taxation	21	(10,964,693)	(1,367,196)
<b>Loss after taxation</b>		<b>(34,450,330)</b>	<b>(2,353,458)</b>
Loss per share - basic	22	<u>(3.63)</u>	<u>(0.25)</u>

*The annexed notes from 1 to 37 form an integral part of these financial statements.*

  
Chief Executive

  
Director



AZEE SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021

Note	Rupees 2021	Rupees 2020
Loss after taxation	(34,450,330)	(2,353,458)
<b><u>Other comprehensive loss for the year</u></b>		
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>		
Unrealised gain / (loss) on remeasurement of investment - At fair value - through other comprehensive income	14,854,089	(3,351,701)
<b>Total comprehensive loss for the year</b>	<b><u>(19,596,240)</u></b>	<b><u>(5,705,159)</u></b>

*The annexed notes from 1 to 37 form an integral part of these financial statements*

  
Chief Executive

  
Director

**AZEE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<i>Reserves</i>			Sub Total	Total
	Issued, subscribed & paid up capital	Unappropriated profit / (loss)	Unrealised gain on remeasurement of investment at fair value - through other comprehensive income		
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>		
Balance as at June 30, 2019	95,000,000	(10,925,668)	3,243,581	(7,682,087)	87,317,913
Loss for the year	-	(2,353,458)	-	(2,353,458)	(2,353,458)
Gain / (loss) on remeasurement of investment at fair value - through other comprehensive income	-	-	(3,351,701)	(3,351,701)	(3,351,701)
Balance as at June 30, 2020	95,000,000	(13,279,126)	(108,120)	(13,387,246)	81,612,754
Loss for the year	-	(34,450,330)	-	(34,450,330)	(34,450,330)
<i>Other comprehensive</i>					
Realised gain on sale of securities	-	-	899,120	899,120	899,120
Reclassification due to sale of investment held at fair value through	-	690,980	(690,980)	-	-
Gain / (loss) on remeasurement of investment at fair value - through other comprehensive income	-	-	14,854,089	14,854,089	14,854,089
Balance as at June 30, 2021	95,000,000	(47,038,476)	14,954,109	(32,084,367)	62,915,633

*The annexed notes from 1 to 37 form an integral part of these financial statements.*



Chief Executive



Director

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

Azee Securities (Private) Limited is a private limited company incorporated under the Companies Ordinance, 1984 on November 10, 2003. The registered office is situated at Room # 208, 2nd Floor, business stock exchange road, Karachi. The principal activity of the company is to carry on the business of stock, brokerage, underwriting and investment etc. The Company is a Corporate Member of the Pakistan Stock Exchange Limited.

- Pakistan Stock Exchange Ltd Room# 33, Ground Floor, Karachi Stock Exchange, Stock Exchange Road
- Room 404, 4th floor, Trade Center, Block 13/A, Karachi
- Room # 1, Mezzanine Floor, Hamilton Court, Teen Talwar Clifton, Karachi.
- D-14, Block H, North Nazimabad, Karachi.
- Office # 226, 2nd Floor, Siddique Trade Center, Main Boulevard, Lahore
- S-29, Cantt, First Floor, Malir Cantt, Karachi
- Hall # 2, 1st Floor, Bilal Plaza, Haider Road, Saddar, Rawalpindi.

**1.2 Impact of COVID-19 pandemic**

A novel strain of corona virus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various business. The lockdown however excluded companies involved in the business of supplying necessary consumer goods and rendering essential services. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

- 1.3 As mentioned in Securities Brokers (Licensing and Operations) Regulations, 2016, the Pakistan Stock Exchange (PSX) may terminate trading facility of the company in case the net capital and liquid capital is less than 5 million. As the net capital and liquid capital is less than the regulatory net capital and liquid capital requirement, the trading facility of the company may be terminated by PSX. This indicates that a material uncertainty related to going concern exist that may cast a significant doubt on the company ability to continue as a going concern.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgments**

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

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

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

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and equipment**

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

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

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

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

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

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

**3.2 Intangible assets**

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

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

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

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

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.2.1 Trading Right Entitlement Certificate**

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

**3.2.2 Pakistan Mercantile Exchange - Membership card**

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

**3.2.3 Computer software**

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

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

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

**3.3 Investment property**

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

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

**3.4 Financial Instruments**

**3.4.1 Initial Measurement of financial assets**

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

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

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

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**Subsequent Measurement**

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified the statement of profit or loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at authorized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

**3.4.2 Financial liabilities**

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

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

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

**3.5 Impairment**

**3.5.1 Financial assets**

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

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

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.6.2 Financial liabilities**

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

**3.7 Investments**

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

**3.8 Settlement date accounting**

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

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

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

**3.10 Trade debts and other receivables**

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

**3.11 Fiduciary assets**

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

**3.12 Cash and cash equivalents**

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

**3.13 Share capital**

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

**3.14 Proposed dividend and transfer between reserves**

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

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.15 Trade and other payables**

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

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

**3.16 Taxation**

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

**i) Current**

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

**ii) Deferred**

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

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

**3.17 Provisions**

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

**3.18 Foreign currency transactions and translation**

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



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.19 Revenue recognition**

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

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

**3.20 Operating and administrative expenses**

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

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

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

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

**3.22 Earnings per share**

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

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**4. PROPERTY AND EQUIPMENT**

	Offices (Rupees)	Furniture & fixtures (Rupees)	Office equipments (Rupees)	Computers (Rupees)	Total (Rupees)
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2021</b>					
Opening net book value (NBV)	1,204,848	295,400	3,456,755	1,490,516	6,447,519
Additions (at cost)	2,500,000	-	279,550	-	2,779,550
Disposals (at NBV)	(370,485)	(44,310)	(560,446)	(447,155)	(1,422,395)
Depreciation charge					
Closing net book value (NBV)	<b>3,334,363</b>	<b>251,090</b>	<b>3,175,860</b>	<b>1,043,361</b>	<b>7,804,673</b>
<b>Gross carrying value basis</b>					
<b>As at June 30, 2021</b>					
Cost	3,334,363	763,695	8,305,945	18,855,063	35,091,703
Accumulated depreciation	(3,832,637)	(512,605)	(5,130,086)	(17,811,702)	(27,287,029)
Net book value (NBV)	<b>3,334,363</b>	<b>251,090</b>	<b>3,175,859</b>	<b>1,043,361</b>	<b>7,804,674</b>
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2020</b>					
Opening net book value (NBV)	1,338,720	347,529	3,858,421	1,172,938	6,717,608
Additions (at cost)	-	-	208,350	956,370	1,164,720
Disposals (at NBV)	(133,872)	(52,129)	(610,016)	(638,792)	(1,434,809)
Depreciation charge					
Closing net book value (NBV)	<b>1,204,848</b>	<b>295,400</b>	<b>3,456,755</b>	<b>1,490,516</b>	<b>6,447,519</b>
<b>Gross carrying value basis</b>					
<b>As at June 30, 2020</b>					
Cost	4,667,000	763,695	8,026,395	18,855,063	32,312,153
Accumulated depreciation	(3,462,152)	(468,295)	(4,569,640)	(17,364,547)	(25,864,634)
Net book value (NBV)	<b>1,204,848</b>	<b>295,400</b>	<b>3,456,755</b>	<b>1,490,516</b>	<b>6,447,519</b>
Annual rates of depreciation (%)	10	15	15	15	30

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

	Notes	Rupees 2021	Rupees 2020
<b>5 RIGHT-OF-USE ASSET</b>			
Opening net book value		-	-
Addition to right-of-use asset		8,658,000	-
Depreciation for the year		(1,298,700)	-
Closing net book value		<u>7,359,300</u>	<u>-</u>
<b>6 INTANGIBLE ASSETS</b>			
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	6.1	2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		1,015,000	1,015,000
		<u>3,515,000</u>	<u>3,515,000</u>
6.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. TREC has been recognized at cost less accumulated impairment losses.			
<b>7 LONG TERM ADVANCES &amp; DEPOSITS</b>			
Pakistan Stock Exchange Limited		100,000	100,000
Pakistan Mercantile Exchange Limited		888,000	813,000
National Clearing Company of Pakistan Limited		1,300,000	1,300,000
Advance against office		240,000	240,000
Security deposit		1,731,600	-
Deposit against base minimum capital		-	9,950,000
		<u>4,259,600</u>	<u>12,403,000</u>
<b>8 DEFERRED TAXATION</b>			
<i>Deductible temporary difference</i>			
Assessed tax loss		7,270,301	-
Allowance for expected credit loss		25,926,378	-
Carryforward of realized capital losses		10,168,387	-
		<u>43,365,066</u>	<u>-</u>
<i>Taxable temporary difference</i>			
Accelerated depreciation		12,667	-
Unrealized gain on remeasurement of investments		1,320,177	-
		<u>1,332,845</u>	<u>-</u>
		<u>42,032,222</u>	<u>-</u>
Unrecognized deferred tax asset	8.1	(42,032,222)	-
		<u>-</u>	<u>-</u>
8.1 Deferred tax asset of Rs. 52,478,840 has not been recognized owing to uncertainty regarding future profitability against which deferred tax asset could be set off.			
<b>9 TRADE RECEIVABLES</b>			
Considered good		225,617,852	165,238,241
Doubtful		-	-
		<u>225,617,852</u>	<u>165,238,241</u>
Allowance for expected credit loss	9.1	(89,401,304)	(18,159,776)
		<u>136,216,548</u>	<u>147,078,465</u>
From clearing house		688,787	706,343
		<u>136,905,335</u>	<u>147,784,808</u>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2021	Rupees 2020
<b>9.1 Allowance for expected credit loss</b>		
Opening balance	18,159,776	9,749,905
Allowance for expected credit loss	9.1.1 71,241,528	8,409,871
Closing balance	<u>89,401,304</u>	<u>18,159,776</u>
9.1.1 The Company assessed on a forward looking basis, the expected credit losses associated with trade receivables and measured loss allowance for trade receivables at an amount equal to life time expected credit losses.		
<b>9.1.2 Aging analysis</b>		
Upto 90 days	136,164,371	125,322,749
More than 90 but upto 180 days	84,574,813	10,069,610
More than 180 but upto 360 days	521,769	11,686,106
More than 360 days	4,356,900	18,159,776
	<u>225,617,852</u>	<u>165,238,241</u>
9.2 Total value of securities pertaining to clients held in the Central Depository Company	<u>1,732,978,984</u>	<u>837,093,261</u>
9.3 Value of pledge securities of clients with National Clearing Company of Pakistan Limited	<u>57,924,917</u>	<u>2,644,293</u>
9.4 Value of pledge securities of clients with Financial institutions	<u>49,501,464</u>	<u>117,565,214</u>
9.5 <i>The securities are valued using market rate at the year end</i>		
<b>10 <u>ADVANCES, DEPOSITS, PRE-PAYMENTS &amp; OTHER RECEIVABLES</u></b>		
Advances to staff	1,250,507	315,711
Exposure deposit	10.1 947,610	229,610
Advance payment of tax	-	31,471,263
Other receivables	2,811,725	2,968,982
	<u>5,009,842</u>	<u>34,985,566</u>
10.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market.		
<b>11 <u>SHORT TERM INVESTMENT</u></b>		
<i>Investments at fair values through profit &amp; loss</i>		
Listed equity securities	59,281,557	23,188,563
Unrealised gain / (loss) on remeasurement of investment at fair value	10,561,419	11,070,170
Market value	11.1 <u>69,842,976</u>	<u>34,258,733</u>
<i>Investments at fair values through other comprehensive income</i>		
Shares of Pakistan Stock Exchange Limited	7,460,239	14,055,522
Unrealised gain / (loss) on remeasurement of investment	14,854,089	(3,351,701)
Market value	11.2 <u>22,314,328</u>	<u>10,703,821</u>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

11.1 Investments at fair values through profit & loss

30 June 2021	June 30, 2020	Symbol	Name of Investee	30 June 2021	June 30, 2020
Number of shares				Market value in rupees	
500	500	AATM	ALI ASGAR TEXTILE MILLS	-	-
15	215	ABL	ALLIED BANK LIMITED	1,112	16,465
5	5	ABOT	ABOTT LAB PAKISTAN LIMITED	3,962	3,315
12	12	ACPL	ATTOCK CEMENT PAKISTAN LIMITED	2,158	1,496
2,000	12,000	AGL	AGRITECH LIMITED	13,640	56,160
36	456	AHCL	ARIF HABIB CORPORATION LIMITED	1,441	13,680
318	318	AHL	ARIF HABIB LIMITED	25,796	10,345
119	119	AICL	ADAMJEE INSURANCE CO LIMITED	4,935	3,940
21,100	100	AKBL	ASKARI BANK LIMITED	479,603	1,371
500	500	AKDITFO	AKDITFO	-	-
578	578	AKZO	AKZONOBEL PAKISTAN LIMITED	-	156,060
2,500	2,500	ALAC	ASKARI LIFE INSURANCE CO LIMITED	16,000	20,000
300,500	300,500	AMTEX	AMTEX LIMITED	-	-
100	100	ANL	AZGARD NINE LIMITED	3,389	1,587
7,450	7,408	APL	ATTOCK PETROLEUM LIMITED	2,391,674	2,260,922
5	5	ARPL	ARCHROMA PAKISTAN LIMITED1	2,863	2,947
499	550	ASC	AL SHAHEER CORPORATION LTD	9,945	6,292
50,500	500	ASL	AISHA STEEL MILLS LIMITED	1,257,955	4,605
1,195	1,415	ASLPS	AISHA STEEL (PREFERENCE)	41,945	28,979
35,500	46,000	ASTL	AMRELI STEELS LIMITED	1,542,120	1,501,440
7	7	ATBA	ATLAS BATTERY LIMITED	2,212	1,176
121	121	ATIL	ATLAS INSURANCE LIMITED	6,958	6,290
375	43,875	ATRL	ATTOCK REFINERY LIMITED	96,169	3,918,915
110	110	BAFL	BANK ALFALAH LIMITED	3,540	3,693
500	467	BAHL	BANK AL-HABIB LIMITED	35,060	24,424
489,000	489,000	BEEM	BEEMA PAKISTAN	-	-
25,000	-	BGL	BALUCHISTAN GLASS LIMITED	397,000	-
50	-	BIPO	BIAFO INDUSTRIES LIMITED	6,910	-
22,500	22,500	BIIC	BUISNESS AND INDUSTRIES INSURANCE	-	-
500	500	BIPL	BIPL SECURITIES LIMITED	5,620	3,780
500	500	BNWM	BANNU WOOLLEN LIMITED	25,040	16,350
258	4,056	BOK	BANK OF KHYBER	4,180	57,555
14,127	14,127	BOP	BANK OF PUNJAB	118,667	118,667
19	19	BWCL	BEST WAY CEMENT LIMITED	3,069	2,066
200	200	BYCO	BYCO PETROLEUM PAKISTAN LIMITED	2,322	1,204
55	-	CASH	CALCORP LIMITED	1,112	-
5	-	CENI	CENTURY INSURANCE COMPANY LIMITED	95	-
10	-	CEPB	CENTURY PAPER & BOARD MILLS	1,221	-
200	4,200	CFL	CRESENT FIBRES LIMITED	12,400	156,618
511	11	CHCC	CHERAT CEMENT CO LIMITED	90,641	959
-	55	CPAL	CAPITAL ASSET LEASING CORPORATION	-	275
5,058	4,950	CPPL	CHERAT PACKAGING LTD	1,006,087	579,893
-	5,000	CRTM	CRESCENT TEXTILE MILLS LTD	-	104,100
5,000	-	CRTMR2	CRESCENT TEXTILE * NC	-	-
25,000	19,000	CSAP	CRESENT STEEL & ALLIED PRODUCTS	2,099,500	864,500
-	100	DAWH	DAWOOD HERCULES CORPORATION	-	12,792
250	250	DBC1	DADABHOY CEMENT	-	-
-	30,000	DCL	DEWAN CEMENT LIMITED	-	233,400
100	100	DCR	DOLMEN CITY REIT	1,102	1,089
654	654	DFML	DEWAN FAROOQUE MOTORS LIMITED	6,867	3,401
26,000	1,000	DGKC	D.G. KHAN CEMENT CO	3,065,920	85,330
338	338	DINT	DIN TEXTILE MILLS LIMITED	-	14,189
12,760	1,000	DOL	DESCON OXYCHEM LTD	342,478	29,850
116,800	116,800	DSFL	DEWAN SALMAN FIBRE LIMITED	-	-
50,781	781	DSL	DOST STEEL LIMITED	252,889	2,382
<b>1,220,221</b>	<b>1,133,502</b>			<b>13,385,597</b>	<b>10,332,502</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

30 June 2021	June 30, 2020	Symbol	Name of Investee	30 June 2021	June 30, 2020
<i>Number of shares</i>				<i>Market value in rupees</i>	
72,500	1,000	EFERT	ENGRO FERTILIZER LIMITED	5,094,575	60,280
500	3,200	ENGRO	ENGRO CORPORATION	147,305	937,344
100	100	EPQL	ENGRO POWERGEN QADIRPUR LIMITED	2,140	2,022
141	141	FABL	FAYSAL BANK LIMITED	2,393	1,964
250	250	FATIMA	FATIMA FERTILIZER COMPANY LIMITED	7,188	6,683
107,620	167,620	FCCL	FAUJI CEMENT CO LIMITED	2,475,260	2,829,426
181	181	FCEPL	FRIESLANDCAMPINA ENGRO PAKISTAN LTD	20,829	13,305
18,200	200	FECTC	FECTO CEMENT LIMITED	604,240	4,164
1,921	21,001	FEROZ	FEROZSONS LABORATORIES LIMITED	677,767	6,309,330
3,542	563	FFBL	FAUJI FERTILIZER BIN QASIM LIMITED	93,544	8,985
7,500	7,500	FFC	FAUJI FERTILIZER CO LIMITED	795,750	824,925
1,000	16,000	FFL	FAUJI FOODS LIMITED	18,060	151,200
500	500	FHAM	HABIB MODARBA	4,900	4,975
2,600	100	FLYNG	FLYING CEMENT CO LIMITED	55,328	905
1,000	1,000	FRSM	FARAN SUGAR MILLS LIMITED	32,500	39,500
100	100	GADT	GADOON TEXTILE MILLS LIMITED	25,846	15,951
964	964	GASF	GOLDEN ARROW SELECTED STOCKS FUND LTD	-	-
30,200	1,200	GATM	GUL AHMED TEXTILE MILLS LIMITED	1,532,046	34,356
9,000	9,000	GENP	GENERTECH PAKISTAN LIMITED	-	-
1,200	500	GGGL	GHANI GLOBAL GLASS LIMITED	32,472	5,980
11,600	200	GHNI	GHANDARA INDUSTRIES LIMITED	3,236,632	24,200
500	126	GHNL	GHANDARA NISSAN LIMITED	54,615	7,907
4,400	4,400	GLAXO	GLAXO SMITHKLINE PAKISTAN	728,948	765,952
45	45	GSKCH	GLAXOSMITHKLINE CONSUMER	11,254	12,226
204	204	GTYR	GENERAL TYRE & RUBBER CO	17,917	12,138
500	500	GWLC	GHARIBWAL CEMENT LIMITED	19,485	8,140
797,790	10,790	HASCOL	HASCOL PETROLEUM LIMITED	7,124,265	146,744
1,726	1,726	HBL	HABIB BANK LIMITED	211,211	167,198
11,505	10,005	HCAR	HONDA ATLAS CARS (PAKISTAN) LIMITED	3,978,199	1,937,768
500	500	HIFA	HBL INVESMENT FUND-A	1,550	1,340
500	500	HIFB	HBL INVESTMENT FUND-B	-	-
40	20	HINO	HINOPAK MOTORS LIMITED	24,486	7,460
2	2	HINOON	HIGHNOON LABORATORIES LIMITED	1,200	1,003
500	500	HIRAT	HIRA TEXTILE MILLS LIMITED	2,040	940
500	500	HTL	HI-TECH LUBRICANTS LIMITED	35,455	15,140
120	120	HUBC	HUB POWER COMPANY LIMITED	9,560	8,700
109	109	IBLHL	IBL HEALTH CARE LIMITED	12,113	8,442
5	5	ICI	I.C.I PAKISTAN LIMITED	4,344	3,474
674	674	ICIBL	INVEST CAPITAL INVESTMENT BANK	1,907	539
110	110	ICL	ITTEHAD CHEMICALS LIMITED	4,186	2,899
2,505	5	IGIHL	IGI HOLDING LIMITED	484,868	905
2,100	2,500	INIL	INTERNATIONAL INDUSTRIES LTD	443,142	229,325
15,000	15,000	ISL	INTERNATIONAL STEELS LTD	1,401,150	774,750
6	6	JLICL	JUBILEE LIFE INSURANCE CO	2,009	1,686
20,000	20,000	JOVC	J.O.V. & CO	-	-
<b>1,129,960</b>	<b>299,667</b>			<b>29,432,679</b>	<b>15,390,170</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

30 June 2021	June 30, 2020	Symbol	Name of Investee	30 June 2021	June 30, 2020
<i>Number of shares</i>				<i>Market value in rupees</i>	
500	500	JPGL	JAPAN POWER GENERATION LIMITED	-	-
551	551	JSBL	JS BANK LIMITED	3,146	2,948
420	420	JSCL	JAHANGIR SIDDIQUI & CO LIMITED	9,475	4,956
30,084	-	JSCLR1	JAHANGIR SIDDIQUI & NC	-	-
300	300	JSIL	JS INVESTMENT LIMITED	5,613	4,440
100	-	JVDC	JAVEDAN CORPORATION LIMITED	4,220	-
100	100	KAPCO	KOT ADDU POWER COMPANY	4,435	2,015
2,500	500	KEL	K-ELECTRIC LIMITED	10,450	1,505
5	5	KOHE	KOHINOOR ENERGY LIMITED	180	175
20	20	KSBP	K.S.B. PUMPS COMPANY LIMITED	4,437	2,880
41	41	KTML	KOHINOOR TEXTILE MILLS LIMITED	3,083	1,456
3,000	3,000	LMSM	LANDMARK SPINNING INDUSTRIES	75,000	32,970
711	711	LOADS	LOADS LIMITED	15,365	9,883
11,000	2,000	LOTCHEM	LOTTE CHEMICAL LIMITED	169,840	19,900
500	500	LPL	LALPIR POWER LIMITED	8,930	5,835
200	200	LUCK	LUCKY CEMENT LIMITED	172,688	92,316
50	2,550	MACTER	MACTER INTERNATIONAL LIMITED	8,067	237,329
18	18	MCB	MCB BANK LIMITED	2,877	2,917
4,984	4,984	MCBPSM	MCB BANK LIMITED-PSM	-	-
-	100,000	MDTL	MEDIA TIMES LTD	-	132,000
37	34	MEBL	MEEZAN BANK LIMITED	4,270	2,341
1,000	1,000	MFTM	MUHAMMAD FAROOQ TEXTILE MILLS	-	-
2,575	575	MLCF	MAPLE LEAF CEMENT FACTORY	120,974	14,939
1,000	1,000	MUKT	MUHKHTAR TEXTILE MILLS	-	-
2,000	2,000	MWMP	MANDIWALA MAUSER	-	-
50	-	NATF	NATIONAL FOODS LIMITED	11,451	-
337	337	NBP	NATIONAL BANK OF PUNJAB	12,324	9,318
142	142	NCL	NISHAT (CHUNIAN) LIMITED	7,141	4,608
10	10	NETSOL	NETSOL TECHNOLOGIES LIMITED	1,700	497
10	1,000	NICL	NIMIR INDUSTRIAL CHEMICALS LIMITED	1,367	58,450
65	1,065	NML	NISHAT MILLS LIMITED	6,065	83,081
2,000	2,000	NORT	NORT LIMITED	-	-
100	100	NPL	NISHAT POWER LIMITED	1,965	2,265
10	10	NRL	NATIONAL REFINERY LIMITED	5,232	1,073
209	209	NRSL	NIMIR RESINS LIMITED	4,211	1,292
4,100	100	OGDC	OIL & GAS DEVELOPMENT COMPANY LIMITED	389,623	10,900
550	524	OLPL	ORIX LEASING PAKISTAN LIMITED	14,163	12,183
1,500	21,500	PACE	PACE (PAKISTAN) LIMITED	10,830	45,365
1,510	1,510	PAEL	PAK ELEKTRON LIMITED	52,941	34,622
300	300	PAKRI	PAKISTAN REINSURANCE CO LIMITED	7,299	6,825
1,842	1,842	PASL	PARVEZ AHMED SECURITIES LIMITED	3,002	1,345
145	145	PASM	PARAMOUNT SPINNING LIMITED	-	-
2,668	2,668	PIAA	P.I.A.C.L	15,341	11,392
170,072	154,572	PIBTL	PAKISTAN INT BULK TERMINAL LIMITED	1,935,419	1,360,234
12,510	2,010	PIOC	PIONEER CEMENT LIMITED	1,639,686	126,710
500	500	PKGP	PAKGEN POWER LIMITED	12,330	6,005
410	410	PKGS	PACKAGES LIMITED	223,532	142,356
100	100	PNSC	P.N.S.C	7,270	7,556
<b>260,836</b>	<b>312,063</b>			<b>4,985,942</b>	<b>2,496,882</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

30 June 2021	June 30, 2020	Symbol	Name of Investee	30 June 2021	June 30, 2020
Number of shares				Market value in rupees	
6	6	POL	PAKISTAN OILFIELDS LIMITED	2,363	2,104
1	1	POWER	POWER CEMENT LIMITED	10	6
71,714	101	PPL	PAKISTAN PETROLEUM LIMITED	6,226,927	8,765
500	500	PRL	PAKISTAN REFINERY LIMITED	12,305	5,705
-	20,000	PRLR1	PAKISTAN REFINERY LIMITED	-	3,400
-	10,000	PSMC	PAK SUZAUKI MOTORS	-	1,618,300
5,338	3,838	PSO	PAKISTAN STATE OIL CO LIMITED	1,197,047	607,018
1,759	1,759	PSX	PAKISTAN STOCK EXCHANGE	39,243	17,414
475	475	PTC	PAKISTAN TELECOMMUNICATION CO	5,624	4,218
500	500	QUICE	QUICE FOODS INDUSTRIES LIMITED	3,040	2,375
810	1,000	RCML	RELIANCE COTTON SPINNING	156,897	128,000
500	500	REWM	RELIANCE WEAVING MILLS	36,205	11,500
428	428	RPL	ROSHAN PACKAGES LIMITED	14,098	9,596
1,691	1,691	SBL	SAMBA BANK LIMITED	11,296	13,207
40	40	SCBPL	STANDARD CHARTERED BANK LIMITED	1,355	1,102
1,984	371	SEARL	THE SEARLE COMPANY	481,358	73,914
1,266	1,266	SEPSCO	SOUTHERN ELECTRIC POWER CO	-	-
34,000	-	SHEL	SHELL (PAKISTAN) LIMITED	5,956,800	-
2,420,994	85,994	SILK	SILK BANK LIMITED	4,866,198	72,235
101	101	SITC	SITARA CHEMICAL INDUSTRY LIMITED	35,552	27,988
600,757	600,757	SMBL	SUMMIT BANK LIMITED	1,399,764	720,908
23	23	SNBL	SONERI BANK LIMITED	225	255
20,010	15,010	SNGP	SUI NORTHERN GAS PIPELINE LIMITED	972,086	819,546
197	197	SPL	SITARA PEROXIDE LIMITED	5,573	4,021
500	500	SPWL	SAIF POWER LIMITED	8,670	8,035
10,000	-	SSGC	SUI SOUTHERN GAS COMPANY LIMITED	133,000	-
20,000	22,500	STPL	SIDDIQSONS TIN PLATE LIMITED	382,800	207,450
-	500	SYS	SYSTEMS LIMITED	-	91,840
-	1,500	TELE	TELECARD LIMITED	-	1,830
5	5	THALL	THAL LIMITED	2,114	1,625
500	500	THCCL	THATTA CEMENT CO LIMITED	10,365	4,270
500	500	TPL	TPL CORP LIMITED	9,775	2,585
162	162	TREET	TREET CORPORATION LIMITED	8,017	2,893
-	44,000	TRG	TRG PAKISTAN LIMITED	-	1,242,560
276	276	UBL	UNITED BANK LIMITED	33,727	28,527
571	14,590	UNITY	UNITY FOODS LIMITED	25,421	162,679
1,000	1,000	WTCL	WATEEN TELECOM LIMITED	-	-
228	153,228	WTL	WORL@ALL TELECOM LIMITED	903	133,308
28,415	28,415	ZELP	ZEAL PAK CEMENT LIMITED	-	-
<b>3,225,251</b>	<b>1,012,234</b>			<b>22,038,758</b>	<b>6,039,179</b>
<b>5,836,268</b>	<b>2,757,466</b>			<b>69,842,976</b>	<b>34,258,733</b>

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

2021	2020	Symbol	Name of Investee	2021	2020
Number of shares				Market value in Rupees	
1,000,194	1,081,194	PSX	PAKISTAN STOCK EXCHANGE LIMITED	22,314,328	10,703,821
<b>1,000,194</b>	<b>1,081,194</b>			<b>22,314,328</b>	<b>10,703,821</b>
<b>6,836,462</b>	<b>3,838,660</b>			<b>92,157,304</b>	<b>44,962,554</b>

11.3 Shares having market value of Rs. 88,245,055/- (2020: 41,492,676/-) are pledged as security with commercial banks, PSX and NCCPL for the purpose of borrowings, base minimum capital and exposure requirements.



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2021	Rupees 2020
<b>12 CASH AND BANK BALANCES</b>		
Cash in hand	158,968	160,000
Cash at bank	1,907,858	5,160,801
- in current account	12,042,343	10,324,893
- in savings account	<u>14,109,169</u>	<u>15,645,695</u>
<b>12.1</b>		
12.1 The return on these balances is 7% to 11% (2020: 5% to 9% ) per annum on daily product basis.		
<b>12.2 Bank balance pertains to:</b>		
Clients	13,835,671	15,342,479
Brokerage House	114,530	143,216
	<u>13,950,201</u>	<u>15,485,695</u>
<b>13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
Number of shares		
2021	9,500,000	9,500,000
2020	9,500,000	9,500,000
Ordinary shares of Rs. 10 each fully paid in cash	<u>95,000,000</u>	<u>95,000,000</u>
9,500,000	<u>9,500,000</u>	<u>9,500,000</u>
<b>14 LONG TERM LOAN - UNSECURED</b>		
From director - unsecured	11,130,750	11,130,750
	<u>11,130,750</u>	<u>11,130,750</u>
<b>14.1</b>		
14.1 This represents subordinated markup free loan obtained from Mr. Amir Zia, director of the company, the terms of the loan are not fixed and payable at the discretion of the company		
<b>15 LEASE LIABILITY</b>		
Lease liability under IFRS 16	7,875,501	-
Non current portion	4,932,926	-
Current Portion	<u>2,942,575</u>	<u>-</u>
<b>16 SHORT TERM BORROWINGS - SECURED</b>		
Running finance	61,080,439	82,374,484
Murabahah finance	-	59,777,831
	<u>61,080,439</u>	<u>142,152,315</u>
<b>16.1</b>		
16.1 The Company has obtained running finance facilities amounting to <b>Rs. 63 Million</b> (2020 : Rs. 59,254 Million) from various commercial banks. The finance is secured against pledge of shares of listed companies quoted at Pakistan Stock Exchange Limited and personal guarantees of directors of the company. The mark-up charged on these facilities is 3 months KIBOR + 3% to 4% per annum to be refixed on 1st working day of every calendar quarter.		
<b>16.2</b>		
16.2 The Murabahah Finance facility is obtained amounting to <b>Rs. 100 million</b> (2020: 60 million) which is secured against e-mortgage of property and personal guarantee of directors, mortgager and cross corporate guarantee of Azee securities (private) limited. The mark-up charged on this facility is 3 months KIBOR + 3.5% per annum.		
<b>17 TRADE PAYABLES</b>		
Payable to clients against trading	104,702,026	15,025,411
	<u>104,702,026</u>	<u>15,025,411</u>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

	Notes	Rupees 2021	Rupees 2020
<b>18 ACCRUED EXPENSES &amp; OTHER LIABILITIES</b>			
Markup payable on running finance facilities		1,246,782	2,508,047
Accrued expenses		2,665,554	350,000
SST payable	19.1	10,836,804	11,489,295
Other liabilities		772,260	1,475,570
		<b>15,521,400</b>	<b>15,822,911</b>
<b>19 CONTINGENCIES AND COMMITMENTS</b>			
<b>19.1</b> The company has defaulted on payment of Sindh Sales Tax liability for 8 months during the year and show cause notice have been received from Sindh Revenue Board. Late payment of sales tax liability could attract the default surcharge and penalty which is not recognized in the financial statements. Total amount of default upto June 30, 2021 is <b>Rs. 10,836,804/-</b> .			
<b>19.2</b> PSX wide their notice dated October 07, 2021 has switched off trading terminals of the company due to not meeting minimum threshold for net capital balance and liquid capital as on September 30, 2021. The company has obtained suspension order from High Court of Sindh on October 12, 2021 till the next date of hearing and restored the trading terminal of the company. The PSX management has advised the company to inject substantial amount of equity in order to meet the minimum Net Capital Balance & Liquid Capital requirements under the regulations and to improve the liquidity of the company in order to safeguard the interest of client assets under custody. The management of the company is willing to invest a substantial amount into the equity of the company by December 2021 and for this purpose disposed off the properties.			
<b>19.3</b> SECP has imposed a penalty of Rs. 1,000,000 on violation of certain regulations including charging markup on client balances. No provision for this liability have been provided. The company has filed an appeal before SECP Appellate Bench which is pending.			
<b>19.4</b> Bank guarantee issued in favour of Pakistan Stock Exchange Limited amounting to <b>Rs 40,000,000/-</b> .			
<b>19.5</b> There were no commitments outstanding as at the year end. (2020: Nil)			
<b>20 OPERATING REVENUE</b>			
Brokerage commission		86,293,081	58,421,219
Less: Sales tax on services		(4,160,489)	(5,609,698)
PSX	20.1	<b>82,132,592</b>	<b>52,811,521</b>
Dividend income		1,296,204	2,886,513
		<b>83,428,796</b>	<b>55,698,034</b>
<b>20.1 Brokerage Income - net of sales tax</b>			
<b>Equity brokerage</b>			
- Institutional customers		-	-
- Retail clients		82,132,592	52,811,521
		<b>82,132,592</b>	<b>52,811,521</b>
<b>21 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits		25,572,265	27,846,091
Directors' remuneration	21.1	3,789,996	2,700,000
Service and transaction charges		10,891,190	7,673,097
Printing and stationery		478,229	773,281
Fees and subscriptions		793,540	313,534
Legal and professional charges		1,600	163,400
Postage and courier		342,663	161,746
Insurance		1,300,305	1,046,099
Rent, rates and taxes		2,514,264	1,943,638
Telephone & communication charges		2,885,503	2,553,491
Internet, software and I.T expenses		5,468,983	3,930,390
Advertisement & business promotion		294,132	630,000
Auditor's remuneration	21.2	500,000	300,000
Travelling and conveyance expenses		322,500	869,170
Entertainment		1,876,230	1,229,040
Allowance for expected credit loss		71,241,528	8,409,871
Utilities		2,844,712	2,129,962
Repair and maintenance		631,086	501,115
Depreciation		2,721,095	1,434,809
Other expenses		1,623,591	1,002,170
		<b>136,093,412</b>	<b>65,610,903</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**21.1 Remuneration of Chief Executive and Director**

	2021			2020		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Managerial remuneration	2,469,996	1,320,000	-	2,700,000	-	-
Company's contribution to the Provident Fund	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	<b>2,469,996</b>	<b>1,320,000</b>	<b>-</b>	<b>2,700,000</b>	<b>-</b>	<b>-</b>
Number of persons (including those who worked part of the year)	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>

Notes	Rupees 2021	Rupees 2020
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**21.2 Auditors' remuneration**

**Audit services**

Annual audit fee  
Certifications

400,000	200,000
100,000	100,000
<b>500,000</b>	<b>300,000</b>

**Non-audit services**

Other services

-	-
<b>500,000</b>	<b>300,000</b>

**22 FINANCE COSTS**

Bank charges  
Mark-up on short term borrowings  
Mark-up on Ijarah financing

1,068,048	1,156,041
14,726,862	27,881,725
1,226,267	-
<b>17,021,177</b>	<b>29,037,765</b>

**23 OTHER INCOME**

**From financial assets**

Profit on exposure deposit  
Profits on deposit in savings account  
IPO commission  
Profit on Margin Trading Services

348,719	664,180
183,693	119,273
250,729	-
751	40,875
<b>783,891</b>	<b>824,328</b>

**From non financial assets**

Recoveries

20,961,281	8,653,376
<b>20,961,281</b>	<b>8,653,376</b>
<b>21,745,172</b>	<b>9,477,705</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2021	Rupees 2020
<b>24 TAXATION</b>		
Current	9,928,513	1,367,196
Prior	1,036,180	-
	<b>10,964,693</b>	<b>1,367,196</b>
<b>24.1 Relationship between income tax expense and accounting profit</b>		
Loss before taxation	<b>(23,485,637)</b>	-
Tax at the applicable tax rate of 29% (2020 : 29%)	(6,810,835)	-
Tax effect of income taxed at lower tax rates	(181,866)	-
Tax effect of exempt income	(7,091,945)	-
Tax effect of non-deductible expenses	24,006,551	-
Tax effect of prior year	1,036,180	-
Tax effect of difference of minimum tax chargeable	6,607	-
	<b>10,964,693</b>	-
<b>24.2</b> The income tax returns of the Company have been filed up to tax year 2020 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.		
<b>25 LOSS PER SHARE - BASIC AND DILUTED</b>		
<b>25.1 Basic loss per share</b>		
Loss after taxation	(34,450,330)	(2,353,458)
Number of shares issued up to the end of the year	9,500,000	9,500,000
	<b>(3.63)</b>	<b>(0.25)</b>
<b>25.2 Diluted earnings per share</b>		
There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.		
<b>26 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:		
Short term running finance	(61,080,439)	(142,152,315)
Cash & bank balances	14,109,169	15,645,695
	<b>(46,971,269)</b>	<b>(126,506,621)</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**27.1 Financial Instruments by category**

**27.1.1 Financial Assets**

	<b>2021</b>			<b>Total</b>
	<b>At fair value through profit or loss - held for trading</b>	<b>At fair value through other comprehensive income</b>	<b>At amortised cost</b>	
Long term investment	-	-	-	-
Long term loans, advances & deposits	-	-	4,259,600	4,259,600
Trade receivables	-	-	136,905,335	136,905,335
Advances, deposits, pre-payments & other receivables	-	-	5,009,842	5,009,842
Short term investment	69,842,976	22,314,328	-	92,157,304
Cash & bank balances	-	-	14,109,169	14,109,169
	<b>69,842,976</b>	<b>22,314,328</b>	<b>160,283,946</b>	<b>252,441,251</b>

	<b>2020</b>			<b>Total</b>
	<b>At fair value through profit or loss - held for trading</b>	<b>At fair value through other comprehensive income</b>	<b>At amortised cost</b>	
Long term investment	-	-	-	-
Long term loans, advances & deposits	-	-	12,403,000	12,403,000
Trade receivables	-	-	147,784,808	147,784,808
Advances, deposits, pre-payments & other receivables	-	-	3,514,303	3,514,303
Short term investment	34,258,733	10,703,821	-	44,962,554
Cash & bank balances	-	-	15,645,695	15,645,695
	<b>34,258,733</b>	<b>10,703,821</b>	<b>179,347,806</b>	<b>224,310,360</b>

**27.1.2 Financial Liabilities**

	<b>2021</b>		
	<b>Amortised cost</b>	<b>At fair value through profit or loss</b>	<b>Total</b>
Long term loan	11,130,750	-	11,130,750
Short term running finance	61,080,439	-	61,080,439
Trade payables	104,702,026	-	104,702,026
Accrued expenses & other liabilities	4,684,596	-	4,684,596
	<b>181,597,811</b>	<b>-</b>	<b>181,597,811</b>

	<b>2020</b>		
	<b>Amortised cost</b>	<b>At fair value through profit or loss</b>	<b>Total</b>
Long term loan	11,130,750	-	11,130,750
Short term running finance	142,152,315	-	142,152,315
Trade payables	15,025,411	-	15,025,411
Accrued expenses & other liabilities	4,331,925	-	4,331,925
	<b>172,640,402</b>	<b>-</b>	<b>172,640,402</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**28 Financial Risk Management**

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

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

**28.1 Market Risk**

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

(i) **Interest Rate Risk**

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by **Rs. 610,804/-** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) **Foreign Currency Risk**

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

(iii) **Equity Price Risk**

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. 9,215,730/-** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

**28.2 Liquidity risk**

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

Carrying amount	2021				
	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)				
<b>Financial liabilities</b>					
Long term loan	11,130,750	11,130,750	-	-	11,130,750
Short term running finance	61,080,439	61,080,439	61,080,439	-	-
Trade payables	104,702,026	104,702,026	104,702,026	-	-
Accrued expenses & other liability	4,684,596	4,684,596	4,684,596	-	-
	<b>181,597,811</b>	<b>181,597,811</b>	<b>170,467,061</b>	<b>-</b>	<b>11,130,750</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

2020

Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----					
<b>Financial liabilities</b>					
Long term loan	11,130,750	11,130,750	-	-	11,130,750
Short term running finance	142,152,315	142,152,315	142,152,315	-	-
Trade payables	15,025,411	15,025,411	15,025,411	-	-
Accrued expenses & other liabilities	4,331,925	4,331,925	4,331,925	-	-
	<b>172,640,402</b>	<b>172,640,402</b>	<b>161,509,652</b>	<b>-</b>	<b>11,130,750</b>
				<b>11,130,750</b>	<b>11,130,750</b>

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

**Exposure to credit risk**

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

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. Except for provision made against the trade receivables amounting to Rs. 18,159,776, the Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	Rupees 2021	Rupees 2020
Long term loans, advances & deposits	4,259,600	12,403,000
Trade receivables	136,905,335	147,784,808
Advances, deposits, pre-payments & other receivables	5,009,842	3,514,303
Short term investment	92,157,304	44,962,554
Cash & bank balances	14,109,169	15,645,695
	<b>252,441,251</b>	<b>224,310,360</b>

**Concentration of credit risk**

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

**Trade receivables**

The aging of trade receivables and related movement in Expected Credit Loss has been disclosed in note 9 of these financial statements.

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**Bank balances**

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Rupees 2021	Rupees 2020
AAA	596,608	2,998,708
A1+	11,277,415	12,183,400
A1	574,562	123,585
AA-	1,501,616	179,936
	<b>13,950,201</b>	<b>15,485,694</b>

**28.3 Operational risk**

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

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

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

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

**28.4 Fair value of financial instruments**

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

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

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

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



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

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

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

**Financial assets**

	2021			Total
	Level 1	Level 2	Level 3	
<i>At fair value through profit and loss</i>				
Listed securities	69,842,976	-	-	69,842,976
	<b>69,842,976</b>	<b>-</b>	<b>-</b>	<b>69,842,976</b>

*At fair value - through other comprehensive income*

Investment in shares of Pakistan Stock Exchange Limited	22,314,328	-	-	22,314,328
	<b>22,314,328</b>	<b>-</b>	<b>-</b>	<b>22,314,328</b>

*At fair value through profit and loss*

	2020			Total
	Level 1	Level 2	Level 3	
Listed securities	34,258,733	-	-	34,258,733
	<b>34,258,733</b>	<b>-</b>	<b>-</b>	<b>34,258,733</b>

*At fair value - through other comprehensive income*

Investment in shares of Pakistan Stock Exchange Limited	10,703,821	-	-	10,703,821
	<b>10,703,821</b>	<b>-</b>	<b>-</b>	<b>10,703,821</b>

**28.5 Capital management**

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

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

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

**29 OPERATING SEGMENT**

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

All non current assets of the Company as at 30 June 2021 are located in Pakistan.

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**30 RELATED PARTY TRANSACTIONS**

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are not on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment.

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

Balances at year end

Name and relation with related party	Percentage shareholding	Nature of Transaction	2021	2020
Amir Zia (Director)	93.00%	Payable against trading	6,422	6,422
		Long term loan received	11,130,750	11,130,750

**31 NUMBER OF EMPLOYEES**

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

2021	2020
54	54
46	46

**32 PATTERN OF SHAREHOLDING**

Name of shareholders	2021	2020	2021	2020
	Number of Shares		Percentage of Holding	
Amir Zia	8,835,000	8,835,000	93.000%	93.000%
Tahmina Amir	664,999	664,999	7.000%	7.000%
Aneela Ashraf	1	1	0.000%	0.000%
	<u>9,500,000</u>	<u>9,500,000</u>	<u>100%</u>	<u>100%</u>

During the year there were no changes in shareholdings above 5%

**33 CAPITAL ADEQUACY LEVEL**

Total Assets  
Less: Total Liabilities  
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)  
**Capital Adequacy Level**

**June 30, 2021**

271,120,224
(208,204,591)

33.1	<u>62,915,633</u>
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**33.1** While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2021, as determined by Pakistan Stock Exchange has been considered.

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**34 NET CAPITAL BALANCE**

Net Capital Balance of the Company, as at June 30, 2021, in accordance with the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan is Rs. (20,675,595). The Statement of Net Capital Balance is enclosed as **Annexure A-I**.

**35 LIQUID CAPITAL BALANCE**

Liquid Capital Balance of the Company, as at June 30, 2021, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is **Rs. (35,676,848)**. The Statement of Liquid Capital is enclosed as **Annexure A-II**.

**36 AUTHORIZATION FOR ISSUE**

**08 DEC 2021**

These financial statements were approved by the Company's board of directors and authorised for issue on \_\_\_\_\_.

**37 GENERAL**

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

Figures have been rounded off to the nearest rupee.

  
Chief Executive

  
Director

**AZEE SECURITIES (PRIVATE) LIMITED**  
**Statement of Net Capital Balance (Annexure I)**  
**As at June 30, 2021**

DESCRIPTION	VALUATION BASIS	Note	Sub Total (Rupees)	Total
<b>Current Assets</b>				
Bank balances and cash deposit	As per book value	2		14,858,008
Trade Receivables	Book Value Less: Overdue for more than fourteen days	3	225,617,852 172,590,235 <b>53,027,617</b>	53,027,617
Investments in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	4	62,907,071 9,436,061	53,471,011
Securities purchased for clients	Securities purchased for the client and held by the broker where the payment has not been received within fourteen days	5		47,166,108
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 Bill	At market value			-
Any other current asset specified by the Commission	As per the valuation basis determined by the Commission			-
<b>TOTAL ASSETS</b>				<b>168,522,744</b>
<b>Current Liabilities</b>				
Trade payables	Book Value Less: Overdue for more than 30 days	6	104,702,026 46,465,670	58,236,357
Other liabilities	As classified under the generally accepted accounting principles	7		130,961,983
				<b>189,198,340</b>
<b>NET CAPITAL BALANCE</b>				<b>(20,675,595)</b>

The annexed notes 1 to 7 form an integral part of the statement.

**AZEE SECURITIES (PRIVATE) LIMITED**  
**Notes to the Statement of Net Capital Balance**

**1 STATEMENT OF COMPLIANCE**

The statement of net capital balance of the Company ("the Statement") has been prepared in accordance with the requirements as contained in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

The statement is prepared specifically to meet the above mentioned requirements and for submission to the Pakistan Stock Exchange, National Clearing Company of Pakistan Limited and the Securities and Exchange Commission of Pakistan. As a result, the statement may not be suitable for another purpose.

**2 BANK BALANCES AND CASH DEPOSITS**

(Rupees)

These are stated at book value.

**Cash in hand**

**158,968**

**Bank balance pertaining to:**

*Brokerage house*

Habib Metropolitan Bank Limited  
 MCB Bank Limited  
 JS Bank Limited  
 Soneri Bank Limited  
 Dubai Islamic Bank Limited  
 The Bank of Khyber

26,405
20,583
16,747
9,002
9,300
32,493
<b>114,530</b>

*Clients*

Bank Al Habib Limited  
 Faysal Bank Limited  
 Summit Bank Limited  
 Allied Bank Limited  
 Habib Bank Limited  
 UBL Bank Limited  
 Soneri Bank Limited  
 MCB Bank Limited  
 The Bank of Khyber  
 Meezan Bank Limited  
 MCB Bank Limited  
 Bank Al Falah Limited  
 Askari Bank Limited  
 Dubai Islamic Bank Limited  
 Sindh Bank Limited  
 Habib Metropolitan Bank Limited

660,290
41,674
7,313
33,285
596,608
260,060
19,300
3,362
62,777
2,543,690
479,292
47,971
1,501,616
7,469,774
61,018
47,640
<b>13,835,671</b>

**Deposits against exposure**

Ready market  
 Future market and loss  
 MTS exposure margin

725,000
-
23,839
<b>748,839</b>

**Total Cash and Bank Balances**

**14,858,008**

**3 TRADE RECEIVABLES**

These are stated at book value and classified as balance generated within 14 days and outstanding for more than 14 days.

**AZEE SECURITIES (PRIVATE) LIMITED**  
**Notes to the Statement of Net Capital Balance**

**4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER**

These includes tradeable listed securities at market value less discount at 15%.

**5 SECURITIES PURCHASED FOR CLIENTS**

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

**6 TRADE PAYABLES**

These represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.

**7 OTHER LIABILITIES**

These represents current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

*The break up as per trial balance is as follows:*

**Short term borrowings**

Bank Al Falah Limited	21,642,475
Askari Bank Limited	14,921,631
The Bank of Khyber	2,477,517
Sindh Bank Limited	17,796,037
Meezan Bank Limited	198,178
Dubai Islamic Bank Limited	4,044,600
	<b>61,080,439</b>

Overdue for more than 30 days	46,465,670
Markup payable on running finance facilities	1,246,782
Accrued expenses	2,665,554
Taxation - net	7,894,475
SST payable	10,836,804
Other liabilities	772,260
	<b>69,881,544</b>

<b>Total</b>	<b>130,961,983</b>
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**AZEE SECURITIES (PRIVATE) LIMITED**  
**Statement of Liquid Capital (Annexure II)**  
**As on June 30, 2021**

Head of Account	Value In Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.1 Property & Equipment	7,804,673	(7,804,673)	-
1.2 Intangible Assets	3,515,000	(3,515,000)	-
1.3 Investment in Govt. Securities (150,000*99)			
<b>Investment in Debt Securities</b>			
<b>If listed than:</b>			
i. 5% of the balance sheet value in the case of tenure upto 1 year.			
ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
<b>If unlisted than:</b>			
i. 10% of the balance sheet value in the case of tenure upto 1 year.			
ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
<b>Investment in Equity Securities</b>			
i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	62,907,071	(11,316,375)	51,590,696
ii. If unlisted, 100% of carrying value.			
iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
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)			
1.4 Investment in subsidiaries			
<b>Investment in associated companies/undertaking</b>			
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/bank deposits with the exchanges, clearing house or central depository or any other entity.	2,288,000	(2,288,000)	-
1.9 Margin deposits with exchange and clearing house	748,839	-	748,839
1.10 Deposit with authorized intermediary against borrowed securities under SLB.	240,000	(240,000)	-
1.11 Other deposits and prepayments			
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. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15 i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	1,250,507	(1,250,507)	-
ii. Receivables other than trade receivables			
<b>Receivables from clearing house or securities exchangets)</b>			
100% value of claims other than those on account of entitlements against trading of securities in all markets including MIM gains			
claims on account of entitlements against trading of securities in all markets including MIM gains			
<b>Receivables from customers</b>			
i. In case receivables are against margin financing, the aggregate of (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. Lower of net balance sheet value or value determined through adjustments.			
ii. In case receivables are against margin trading, 5% of the net balance sheet value ii. Net amount after deducting haircut			
iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract. iii. Net amount after deducting haircut			
iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value iv. Balance sheet value	25,424,732	-	25,424,732

	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.	200,195,120	61,648,056	61,648,056
	<b>v. Lower of net balance sheet value or value determined through adjustments</b>			
	<b>vi. 100% haircut in the case of amount receivable from related parties.</b>	-	-	-
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	114,530	-	114,530
	ii. Bank balance-customer accounts	13,835,671	-	13,835,671
	iii. Cash in hand	158,968	-	158,968
	<b>Total cash and bank balances</b>	<b>14,109,169</b>		<b>14,109,169</b>
1	<b>Total Assets</b>	<b>318,481,112</b>		<b>153,521,492</b>
	<b>2. Liabilities</b>			
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	104,702,026	-	104,702,026
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	15,521,400	-	15,521,400
	iii. Short-term borrowings	61,080,439	-	61,080,439
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	7,894,475	-	7,894,475
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits	-	-	-
2.3	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements			
	<b>Subordinated Loans</b>			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted. The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange. ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2	<b>Total Liabilities</b>	<b>189,198,340</b>		<b>189,198,340</b>
	<b>3. Ranking Liabilities Relating to :</b>			
3.1	<b>Concentration in Margin Financing</b> The amount calculated client-to-client basis, by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.			
3.2	<b>Concentration in securities lending and borrowing</b> The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPE (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	<b>Net underwriting Commitments</b> <b>(a) in the case of right issue :</b> if the market value of securities is less than or equal to the subscription price, the aggregate of (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting. <b>(b) in any other case :</b> 12.5% of the net underwriting commitments			
	<b>Negative equity of subsidiary</b>			



3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
<b>Foreign exchange agreements and foreign currency positions</b>				
3.5	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
<b>Repo adjustment</b>				
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Reps less the 110% of the market value of underlying securities			
	<b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
<b>Concentrated proprietary positions</b>				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
<b>Opening Positions in futures and options</b>				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
<b>Short sell positions</b>				
3.10	i. 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	<b>Total Ranking Liabilities</b>	-	-	-
	<b>Liquid Capital</b>	129,282,772	-	(35,676,848)