

SHAJARPAK SECURITIES
(PRIVATE) LIMITED
Financial Statements For The
Year Ended 30 June 2022



INDEPENDENT AUDITORS' REPORT

To the members of Shajarpak Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' 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 auditors' report thereon.

Shajarpak Securities (Private) Limited – 30 June 2022

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with the directors' report hence we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors report is Mr. Rashid Rahman Mir.


Rahman Sarfaraz Rafiq Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Lahore: 30 SEP 2022
UDIN: AR202210146TI8a2Chvi

SHAJARPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

EQUITY AND LIABILITIES	NOTE	2022 Rupees	2021 Rupees	PROPERTY AND ASSETS	NOTE	2022 Rupees	2021 Rupees
SHARE CAPITAL AND RESERVES							
Share capital	3	60,000,000	50,000,000	NON-CURRENT ASSETS			
Capital reserve		2,684,837	4,487,471	Property and equipment	7	5,148,615	5,317,380
Fair value reserve-measurement of equity securities at FVOCI		13,718,891	8,991,946	Intangible assets	8	4,082,025	4,257,805
Revenue reserve		76,403,728	63,479,418	Long term deposits		1,223,000	1,023,000
Unappropriated profit						10,453,640	10,598,185
NON-CURRENT LIABILITIES							
Deferred liabilities	4	-	-				
CURRENT LIABILITIES							
Trade and other payables	5	18,622,994	35,380,759	CURRENT ASSETS			
				Trade debts	9	11,169,606	5,062,666
				Short term investments	10	32,191,008	24,758,785
				Loans, advances and prepayments - considered good		1,449,736	839,600
				Taxes recoverable/ adjustable	11	685,150	860,838
				Cash and bank balances	12	39,077,582	56,740,102
CONTINGENCIES AND COMMITMENTS							
						84,573,082	88,261,991
		<u>95,026,722</u>	<u>98,860,177</u>			<u>95,026,722</u>	<u>98,860,177</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

(Signature)
DIRECTOR

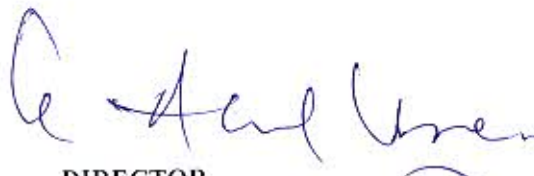
(Signature)
CHIEF EXECUTIVE OFFICER



SHAJARPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Rupees	2021 Rupees
Operating income	13	9,731,613	17,104,894
Gain on sale of securities - net	14	216,184	962,997
Other income	15	5,684,950	2,198,064
		<u>15,632,747</u>	<u>20,265,955</u>
Operating expenses	16	(9,508,243)	(12,628,601)
Finance cost		(5,626)	(4,060)
		<u>(9,513,869)</u>	<u>(12,632,661)</u>
Profit before taxation		6,118,878	7,633,294
Taxation	17	(1,091,518)	(1,364,562)
Profit after taxation for the year		<u>5,027,360</u>	<u>6,268,732</u>
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:			
Items that will never be reclassified subsequently to the statement of profit or loss:			
Unrealized (loss)/ gain on investment in equity instruments designated as "FVOCI"		(2,103,049)	2,234,323
Items that may be reclassified subsequently to the statement of profit or			
Other comprehensive (loss)/ income for the year		(2,103,049)	2,234,323
Total comprehensive income for the year		<u>2,924,311</u>	<u>8,503,055</u>
Earnings per share-basic and diluted	18	1.00	1.77

The annexed notes 1 to 27 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER



SHAJARPAK SECURITIES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Capital reserve	Revenue reserve	Total	
	Fair value reserve - unrealized	Unappropriated profit/ (loss)		
Rupees				
Balance as at 01 July 2020	35,000,000	1,072,982	3,903,380	39,976,362
Right issue 1.5 for 3.5 share (Rs.10 each)	15,000,000	-	-	15,000,000
Profit after taxation for the year	-	-	6,268,732	6,268,732
Other comprehensive gain for the year	-	2,234,323	-	2,234,323
Gain/ (Loss) realized on disposal of investments in equity securities classified as at fair value through other comprehensive income	-	1,180,166	(1,180,166)	-
	-	3,414,489	5,088,566	8,503,055
Balance as at 30 June 2021	50,000,000	4,487,471	8,991,946	63,479,417
Right issue 1 for 5 shares (Rs.10 each)	10,000,000	-	-	10,000,000
Profit after taxation for the year	-	-	5,027,360	5,027,360
Other comprehensive loss for the year	-	(2,103,049)	-	(2,103,049)
Gain/ (Loss) realized on disposal of investments in equity securities classified as at fair value through other comprehensive income	-	300,415	(300,415)	-
	-	(1,802,634)	4,726,945	2,924,311
Balance as at 30 June 2022	60,000,000	2,684,837	13,718,891	76,403,728

The annexed notes 1 to 27 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER



SHAJRPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

NOTE	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,118,878	7,633,294
Adjustments for:		
Depreciation	257,765	247,018
Amortization on computer software	175,780	195,312
Gain on sale of securities	(216,184)	(962,997)
Dividend income	(5,649,063)	(2,160,271)
Finance cost	5,626	4,060
	<u>(5,426,077)</u>	<u>(2,676,878)</u>
Operating cash flows before working capital changes	692,801	4,956,416
CHANGES IN WORKING CAPITAL		
(Increase)/ decrease in current assets:		
Trade debts	(6,106,940)	1,954,531
Loans and advances	(610,136)	(170,310)
Taxes refundable/ adjustable	175,689	685,051
Decrease in current liabilities:		
Trade and other payables	(16,757,765)	(27,638,788)
	<u>(23,299,151)</u>	<u>(25,169,516)</u>
Cash used in operations	(22,606,350)	(20,213,100)
Finance cost paid	(5,626)	(4,060)
Income tax paid	(1,091,518)	(1,364,562)
Net cash used in operating activities	<u>(23,703,494)</u>	<u>(21,581,722)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(89,000)	(276,700)
Long term deposits	(200,000)	-
Increase in short term investments	(15,905,133)	(11,609,002)
Proceeds from sale of investments	6,586,044	7,456,090
Dividend received	5,649,063	2,160,271
Net cash used in investing activities	<u>(3,959,026)</u>	<u>(2,269,341)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Right shares issued	10,000,000	15,000,000
Net cash generated from financing activities	<u>10,000,000</u>	<u>15,000,000</u>
Net decrease in cash and cash equivalents during the year	(17,662,520)	(8,851,063)
Cash and cash equivalents at the beginning of the year	56,740,102	65,591,165
Cash and cash equivalents at the end of the year	<u>39,077,582</u>	<u>56,740,102</u>

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The annexed notes 1 to 27 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER



SHAJARPAK SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 STATUS AND NATURE OF BUSINESS

Shajarpak Securities (Private) Limited (the Company) is incorporated in Pakistan on 23 December 2013 and its registered office is situated at 415-424 Alfalah Building, The Mall, Lahore, Pakistan while its principal place of business is situated at 101, Lahore Stock Exchange Building, Lahore, Pakistan. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited and principal activities of the Company include shares brokerage, investment in securities, portfolio management and other dealings related to shares and securities.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

The management has voluntarily adopted IFRS instead of International Financial Reporting Standard for Small and Medium-Sized Entities (SMEs) issued by International Accounting Standard Board (IASB) and accordingly excessive disclosures has been given to achieve fair presentation of the financial statements.

2.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

a) **Standards and interpretations that became effective but not relevant to the Company:**

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company other than increased disclosures in certain cases:

- IFRS 9 - Financial Instruments (Amendment regarding interest rate benchmark reform-Phase-2).
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS 7 - Financial Instruments: Disclosures - (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS 16 Leases- (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS-16 Leases- (Amendment to Covid-19 related rent concession beyond 30 June 2021).

b) **Forthcoming requirements not effective in current year and not considered relevant:**

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022).
- IFRS 9 - Financial Instruments - (Amendments to 10 percent test for derecognition of financial liabilities in fee)-(applicable for annual periods beginning on or after 1 January 2022).



