

SHAJARPAK SECURITIES  
(PRIVATE) LIMITED  
Financial Statements For The  
Year Ended 30 June 2021



## 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 2021, 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 2021 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.

### 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.

Shajarpak Securities (Private) Limited – 30 June 2021

Page 1 of 3



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 auditor's report is Mr. Rashid Rahman Mir.

  
Rahman Sarfaraz/Rahim Iqbal Rafiq,  
CHARTERED ACCOUNTANTS  
Lahore: 31 AUG 2021

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

EQUITY & LIABILITIES	NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees	PROPERTY & ASSETS	NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON CURRENT ASSETS</b>			
Share capital	3	50,000,000	35,000,000	Property & equipment	7	5,317,380	5,287,698
Capital reserve				Intangible assets	8	4,257,805	4,453,117
Fair value reserve-measurement of equity securities at FVOCI		4,487,471	1,072,982	Long term deposits		1,023,000	1,023,000
Revenue reserve		8,991,946	3,903,380			10,598,185	10,763,815
Unappropriated profit		63,479,417	39,976,362				
<b>NON-CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Deferred Liabilities	4	-	-	Trade debts	9	5,062,666	7,017,197
<b>CURRENT LIABILITIES</b>				Short term Investments	10	24,758,785	17,408,553
Trade and other payables	5	35,380,759	63,019,547	Loans, advances & prepayments - considered good		839,600	669,290
<b>CONTINGENCIES AND COMMITMENTS</b>				Taxes refundable/adjustable	11	860,838	1,545,889
	6			Cash and bank balances	12	56,740,102	65,591,165
						88,261,991	92,232,094
		98,860,176	102,995,909			98,860,176	102,995,909

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

Statement under section 232(1) of the Companies Act, 2017:

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

  
**DIRECTOR**

  
**DIRECTOR**



**SHAJARPAK SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

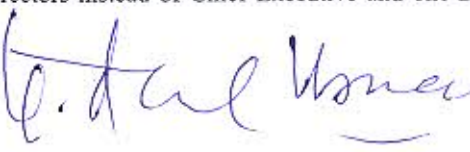
	NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees
OPERATING INCOME	13	17,104,894	6,909,339
GAIN ON SALE OF SECURITIES - NET	14	962,997	-
OTHER INCOME	15	2,198,064	1,313,618
		20,265,955	8,222,957
OPERATING EXPENSES	16	(12,628,601)	(6,646,682)
FINANCE COST		(4,060)	(580)
		(12,632,661)	(6,647,262)
PROFIT BEFORE TAXATION		7,633,294	1,575,695
TAXATION	17	(1,364,562)	(369,860)
PROFIT AFTER TAXATION FOR THE YEAR		6,268,732	1,205,835
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:</b>			
ITEMS THAT WILL NEVER BE RECLASSIFIED SUBSEQUENTLY TO STATEMENT OF PROFIT OR LOSS:			
UNREALIZED GAIN/ (LOSS) ON INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AS "FVOCI"		2,234,323	(229,478)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		2,234,323	(229,478)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,503,055	976,357
EARNINGS PER SHARE-BASIC AND DILUTED	18	1.77	0.34

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

**Statement under section 232(1) of the Companies Act, 2017:**

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

  
**DIRECTOR**

  
**DIRECTOR**



**SHAJARPAK SECURITIES (PRIVATE) LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2021**

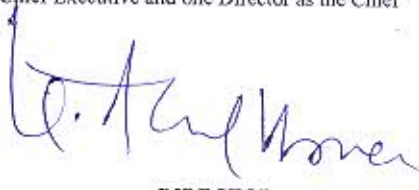
Share capital	Capital Reserve	Revenue Reserve	Total	
	Fair value reserve - unrealized	Unappropriated profit/(loss)		
<b>Rupees</b>				
Balance as at 01 July 2019	35,000,000	1,302,460	2,697,545	39,000,005
Profit after taxation for the year	-	-	1,205,835	1,205,835
Other comprehensive loss for the year	-	(229,478)	-	(229,478)
	-	(229,478)	1,205,835	976,357
Balance as at 30 June 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

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

**Statement under section 232(1) of the Companies Act, 2017:**

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

  
DIRECTOR

  
DIRECTOR



**SHAJRPAK SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,633,294	1,575,695
Adjustments for:		
Depreciation	247,018	264,008
Amortization on computer software	195,312	217,013
Loss on sale of securities	(962,997)	-
Dividend income	(2,160,271)	(1,234,773)
Finance cost	4,060	580
	<u>(2,676,878)</u>	<u>(753,172)</u>
Operating cash flows before working capital changes	4,956,416	822,523
<b>CHANGES IN WORKING CAPITAL</b>		
(Increase)/decrease in current assets:		
Trade debts	1,954,531	(3,793,240)
Loans & advances	(170,310)	(9,740)
Taxes refundable/adjustable	685,051	100,934
(Decrease)/increase in current liabilities:		
Trade and other payables	(27,638,788)	49,327,453
	<u>(25,169,516)</u>	<u>45,625,407</u>
Cash (used in) /generated from operations	(20,213,100)	46,447,930
Finance cost paid	(4,060)	(580)
Income tax paid	(1,364,562)	(369,860)
Net cash (used in)/ generated from operating activities	<u>(21,581,722)</u>	<u>46,077,490</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(276,700)	(17,000)
Increase in Short term investments	(11,609,002)	(618,676)
Proceeds from sale of investments	7,456,090	-
Dividend received	2,160,271	1,234,773
Net cash (used in)/ generated from investing activities	<u>(2,269,341)</u>	<u>599,097</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Right shares issued	15,000,000	-
Net cash generated from financing activities	<u>15,000,000</u>	<u>-</u>
Net (decrease)/ increase in cash and cash equivalents during the year	(8,851,063)	46,676,587
Cash and cash equivalents at the beginning of the year	65,591,165	18,914,578
Cash and cash equivalents at the end of the year	<u>56,740,102</u>	<u>65,591,165</u>

12

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

**Statement under section 232(1) of the Companies Act, 2017:**

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

  
DIRECTOR

  
DIRECTOR





**SHAJARPAK SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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 & 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 statement.

**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 3 - Business Combinations - (Amendments resulting from Annual Improvements 2015–2017 Cycle).
- IFRS 4 - Insurance Contracts- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-7 Financial Instrument disclosure- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-9 Financial Instrument- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS-28 Investment in Associates- (Amendments deferring the effective date of the September 2014 amendments)- (the sale or contribution of assets between an investor and its associate or joint venture)
- IAS-39 Financial Instruments: Recognition and Measurement- (Amendments regarding replacement issues in the context of the IBOR reform)

**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 4 - Insurance Contracts - (Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) issued)-(IFRS 17 will replace IFRS 4 as of 1 January 2023)



