RAHAT SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Independent Auditor's Report to the members of RAHAT SECURITIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **RAHAT SECURITIES LIMITED**, which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, total 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 *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.

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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and statement of 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;

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

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

CHARTERED ACCOUNTANTS

Lahore: 07 OCT 2021

RAHAT SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	55,643,509	51,018,121
Intangible assets	5	9,420,000	9,420,000
Long term investment	6	18,111,704	17,850,071
Long term loans and advances	7	2,500,000	2,500,000
Long term deposits	8	2,320,000	2,320,000
		87,995,213	83,108,192
CURRENT ASSETS			
Trade debts	9	7,382,042	4,722,169
Loans and advances	10	1,353,792	573,063
Investment at fair value through profit or loss	11	56,005,313	51,726,667
Trade deposits, short term prepayments and current account balance with statutory authorities	12	9,271,850	6,785,976
Cash and bank balances	13	56,428,205	46,213,558
		130,441,202	110,021,433
		218,436,415	193,129,625
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	14	56,250,000	37,500,000
Revenue reserve			
Un-appropriated profit		94,694,971	99,277,529
Capital reserve			
Fair value adjustment reserve	15	11,039,704	10,778,071
		161,984,675	147,555,600
NON CURRENT LIABILITIES			
Deferred taxation	16	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	11,988,771	1,111,583
Trade and other payables	18	43,839,444	44,431,373
Provision for taxation		623,525	31,069
		56,451,740	45,574,025
CONTINGENCIES AND COMMITMENTS	19		
		218,436,415	193,129,625

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED TREC HOLDER 275

DIRECTOR

RAHAT SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Brokerage and commission	20	14,791,819	7,506,601
Capital gain on marketable securities		1,136,522	1,133,994
		15,928,341	8,640,595
Direct cost	21	(779,197)	(232,265)
		15,149,144	8,408,330
Operating expenses	22	(13,227,279)	(11,188,544)
Other operating expenses	23	(316,555)	(218,867)
Other income	24	14,241,862	13,457,571
		698,028	2,050,160
PROFIT FROM OPERATIONS		15,847,172	10,458,490
Finance cost	25	(19,419)	(16,920)
PROFIT BEFORE TAXATION		15,827,753	10,441,570
Taxation	26	(1,660,311)	(431,832)
PROFIT FOR THE YEAR		14,167,442	10,009,738
EARNINGS PER SHARE - BASIC AND DILUTED	27	2.52	1.78

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED TREC HOLDER 275

DIRECTOR

RAHAT SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit for the year	14,167,442	10,009,738
Items that may be reclassified subsequently to statement of profit or loss		
Gain/(loss) on remeasurement of available for sale investment	261,633	(388,229)
Items that will not be reclassified subsequently to statement of profit or loss	-	-
Other comprehensive income/(loss) for the year	261,633	(388,229)
Total comprehensive income for the year	14,429,075	9,621,509

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED TREC HOLDER 275

DIRECTOR

RAHAT SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Paid up capital	Un-appropriated profit	Fair Value Adjustment Reserve	Total
	--------- (R	u p	e e	s) ---------
Balance as at June 30, 2019	37,500,000	89,267,791	11,166,300	137,934,091
Profit after taxation	-	10,009,738	-	10,009,738
Other comprehensive loss for the year	-	-	(388,229)	(388,229)
Total comprehensive income for the year	-	10,009,738	(388,229)	9,621,509
Balance as at June 30, 2020	37,500,000	99,277,529	10,778,071	147,555,600
Bonus shares issued during the year	18,750,000	(18,750,000)	-	-
Profit after taxation	-	14,167,442	-	14,167,442
Other comprehensive income for the year	-	-	261,633	261,633
Total comprehensive income for the year	-	14,167,442	261,633	14,429,075
Balance as at June 30, 2021	**56,250,000**	**94,694,971**	**11,039,704**	**161,984,675**

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED TREC HOLDER 275

DIRECTOR

RAHAT SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		15,827,753	10,441,570
Adjustments of items not involving movements of cash:			
Depreciation	4	2,137,612	680,585
Gain on remeasurement of investment at fair value through profit or loss	11	(10,460,427)	(12,461,145)
Reversal/(provision) for doubtful debts		(15,151)	10,036
		(8,337,966)	(11,770,524)
Operating cash flows before working capital changes		7,489,787	(1,328,954)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Account receivables		(2,644,722)	3,634,447
Loan and Advances		(780,729)	(336,521)
Trade deposits and short term prepayments		(2,485,874)	454,128
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		10,877,188	331,494
Trade and other payables		(591,929)	12,690,851
		4,373,934	16,774,399
Cash generated from operations		11,863,721	15,445,445
Taxes paid		(1,067,855)	(636,143)
Net cash flows from operating activities		10,795,866	14,809,302
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,763,000)	(48,329,420)
Short term investments - net		6,181,781	4,587,617
Long term loans and advances		-	43,720,000
Long term deposits		-	(1,000,000)
Net cash flows used in investing activities		(581,219)	(1,021,803)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		10,214,647	13,787,499
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		46,213,558	32,426,059
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	56,428,205	46,213,558
A Cash and Cash Equivalents			
Cash and bank balances	13	56,428,205	46,213,558
		56,428,205	46,213,558

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED TREC HOLDER 275

DIRECTOR

RAHAT SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 COMPANY AND ITS OPERATION

1.1 The company is a public company incorporated in Pakistan under the repealed Companies Ordinance 1984. The registered office of the company is situated in room 617-618 Lahore Stock Exchange Building, 19 Khayaban-e-Aiwan-Iqbal Road, Lahore. The branch office of the company is loacated at 17-Cantonment Board Shopping Plaza, Tufail Road, Lahore Cantt.

The company is Trading Right Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange and has also acquied membership of Pakistan Merchantile Exchange Limited. The Principle activity of the Company is financial consultancy, brokerage, underwriting, portfolio management/acquisition of securities and securities research.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and International Financial Reporting Standards (IFRS Standards) 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 for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Gain or loss on disposal of property and equipment, if any is taken to statement of profit or loss.

3.2 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.2.1 Membership card and offices

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

3.2.2 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.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

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Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortization is charged using straight line method.

Amortization is charged when asset is available for use until asset is disposed off.

3.3 FINANCIAL ASSETS

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3.3.1 Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with nature of investment.

3.3.2 At fair value through profit or loss

Investments classified as held for trading are included in the category of financial assets at fair value through profit or loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in the statement of profit or loss of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on reporting date.

3.3.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are premeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit or loss as re-classification adjustment.

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3.3.4 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the statement of financial position.

3.4 FINANCIAL LIABILITIES

Financial liabilities are initially measured at cost, which is the fair value, of the consideration given and subsequently carried at amortized cost using effective interest rate method.

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6 TRADE DEBTS AND OTHER RECEIVABLES

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances and running finances.

3.8 BORROWINGS

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognised as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

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3.9 TAXATION

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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

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

3.10 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at cost, which is the fair value of the consideration to be paid, in the future for goods and services received and subsequently measured at amortized cost.

3.11 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RAHAT SECURITIES LIMITED TREC HOLDER 275

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 CONTINGENT LIABILITIES

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

3.12 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchanges rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. 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 recognised in the profit or loss account.

3.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.14 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 and sales tax. Revenue is recognized on the following basis:

RAHAT SECURITIES LIMITED TREC HOLDER 275

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.

- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the statement of profit or loss account in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

3.15 BASIC AND DILUTED EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS 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.

3.16 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

3.17 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

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4 Property and equipment

Particulars	Cost				Depreciation					W.D.V
	As at June 30, 2020	Additions	(Deletions)	As at June 30, 2021	Rate %	As at June 30, 2020	Charge for the year	Transferred during the year	As at June 30, 2021	As at June 30, 2021
	----------Rupees----------					----------Rupees----------				
OWNED										
Land	42,081,428	-	-	42,081,428	0	-	-	-	-	42,081,428
Building	3,607,992	-	-	3,607,992	5	75,167	176,641	-	251,808	3,356,184
Furniture and fittings	1,149,417	-	-	1,149,417	10	952,559	19,686	-	972,245	177,172
Vehicles	6,428,160	6,584,500	-	13,012,660	20	2,337,797	1,766,731	-	4,104,528	8,908,132
Office equipments	4,643,400	16,500	-	4,659,900	10	3,726,572	93,333	-	3,819,905	839,995
Mobiles	112,000	-	-	112,000	30	52,500	17,850	-	70,350	41,650
Computers	2,483,484	162,000	-	2,645,484	30	2,343,165	63,371	-	2,406,536	238,948
	60,505,881	**6,763,000**	**-**	**67,268,881**		**9,487,760**	**2,137,612**	**-**	**11,625,372**	**55,643,509**

Particulars	Cost				Depreciation					W.D.V
	As at June 30, 2019	Additions	(Deletions)	As at June 30, 2020	Rate %	As at June 30, 2019	Charge for the year	Transferred during the year	As at June 30, 2019	As at June 30, 2020
	----------Rupees----------					----------Rupees----------				
OWNED										
Land	-	42,081,428	-	42,081,428	0	-	-	-	-	42,081,428
Building	-	3,607,992	-	3,607,992	5	-	75,167	-	75,167	3,532,825
Furniture and fittings	1,149,417	-	-	1,149,417	10	930,686	21,873	-	952,559	196,858
Vehicles	3,833,160	2,595,000	-	6,428,160	20	1,936,925	400,872	-	2,337,797	4,090,363
Office equipment	4,610,400	33,000	-	4,643,400	10	3,626,536	100,036	-	3,726,572	916,828
Mobile	100,000	12,000	-	112,000	10	30,000	22,500	-	52,500	59,500
Computers	2,483,484	-	-	2,483,484	30	2,283,028	60,137	-	2,343,165	140,319
	12,176,461	**48,329,420**	**-**	**60,505,881**		**8,807,175**	**680,585**	**-**	**9,487,760**	**51,018,121**

4.1 During the year, the company has purchased vehicle LE-16-989 amounting Rs. 2,049,750 from the Mr. Chaudhry Mohammad Afzal, the Chief Executive of the company.

4.2 During the year, the company has purchased vehicles LEE-12-306 and LEE-14-989 amounting Rs. 1,929,750 and Rs. 2,605,000 from the directors of the company. Mr. Chaudhry Mohammad Arshad and Mr. Chaudhry Mohammad Amjad respectively.

4.3 Depreciation has been allocated as under:

	Note	2021 Rupees	2020 Rupees
Operating expenses	22	2,137,612	680,585
		2,137,612	680,585

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	Note	2021 Rupees	2020 Rupees
5 INTANGIBLE ASSETS			
Trading right entitlement certificate	5.1	2,500,000	2,500,000
Membership of Pakistan Merchantile Exchange Limited		250,000	250,000
Rights of rooms		5,870,000	5,870,000
Membership of Royal Palm Country Club		800,000	800,000
		9,420,000	9,420,000

5.1 This represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right Entitlement Certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business. It is carried at cost less impairment.

6 LONG TERM INVESTMENT	Note	2021 Rupees	2020 Rupees
Unquoted - Shares of LSE Financial Services Limited:			
Available for sale			
Cost as at July 01,	6.1	7,072,000	7,072,000
Fair value adjustment		11,039,704	10,778,071
		18,111,704	17,850,071

6.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Sock Exchange Limited, now LSE Financial Services Limited had allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate and growth rate. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

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	Note	2021 Rupees	2020 Rupees
7 LONG TERM LOANS AND ADVANCES			
Advance against room in NCEL building		2,500,000	2,500,000
		2,500,000	2,500,000
8 LONG TERM DEPOSITS			
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,400,000	1,400,000
Pakistan Mercantile Exchange Ltd.		750,000	750,000
Central Depository Company of Pakistan Ltd.		100,000	100,000
Others		70,000	70,000
		2,320,000	2,320,000
9 TRADE DEBTS			
Receivable from:			
Clients on account of purchase of shares		11,737,314	8,707,446
Related parties on account of purchase of shares	9.1	310,194	85,595
		12,047,508	8,793,041
Less: Provision for doubtful debts	9.2	(4,665,466)	(4,680,617)
		7,382,042	4,112,424
National Clearing Company of Pakistan Ltd.		-	609,745
	9.3	7,382,042	4,722,169

9.1 Receivable from related party	Maximum aggregate	2021	2020
Muhammad Akhter - Director	1,392,158	290,345	-
Muhammad Afzal - Director	767,201	19,849	-
Muhammad Amjad - Director	-	-	85,595
		310,194	85,595

9.2 Ageing analysis of the amounts due from related parties as follows:

Name	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2021
	----------Rupees----------			
Muhammad Akhter	290,345	-	-	290,345
Muhammad Afzal	19,849	-	-	19,849
	310,194	-	-	310,194

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9.2 Provision for doubtful debts	Note	2021 Rupees	2020 Rupees
Opening Balance		4,680,617	4,670,581
Add: (Reversal)/provision made during the year		(15,151)	10,036
		4,665,466	4,680,617

9.3 Aging analysis		
Upto five days	3,907,434	1,341,092
More than five days	3,474,608	3,381,077
	7,382,042	4,722,169

10 LOANS AND ADVANCES

(Unsecured but considered good)

Advances to directors:

Muhammad Afzal	**10.1**	371,000	371,000
Arif Mehmood	**10.2**	97,267	112,838
		468,267	483,838

Advances to employees against salary:

Employees	885,525	89,225
	1,353,792	573,063

10.1 The maximum aggregate amount outstanding at the month-end balance was amounting Rs. 371,000 (2020: Rs. 371,000).

10.2 Loan to Director - Arif Mehmood	Note	2021 Rupees	2020 Rupees
Balance as at July 01,		112,838	118,838
Disbursed during the year		-	-
Repayments/adjustments made during the year		(15,571)	(6,000)
		97,267	112,838

The maximum aggregate amount outstanding at the month-end balance was amounting Rs.112,838 (2020: Rs. 112,838).

10.3 Ageing analysis of the amounts due from related parties as follows:

Name	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2021
	----------Rupees----------			
Muhammad Afzal	-	-	371,000	371,000
Arif Mehmood	97,267	-	-	97,267
	97,267	-	371,000	468,267

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11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	Note	2021 Rupees	2020 Rupees
Investment in listed securities			
Carrying value as on July 01,		45,544,886	39,265,522
Gian / (loss) on remeasurement of investment at fair value		10,460,427	12,461,145
	11.1	56,005,313	51,726,667

11.1 This includes shares having carrying value of Rs. 27,274,195 (2020: Rs. 21,272,740) pledged with National Clearing Company of Pakistan Limited for exposure margin.

12 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES	Note	2021 Rupees	2020 Rupees
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,700,000	-
Pakistan Mercantile Exchange Ltd.		2,011,529	1,225,655
Tax deducted at source		5,560,321	5,560,321
		9,271,850	6,785,976

13 CASH AND BANK BALANCES

	Note	2021 Rupees	2020 Rupees
These were held as under:			
Cash in hand		177,506	178,840
Cash at banks			
in current accounts:			
Pertaining to brokerage house		12,187,932	1,871,212
Pertaining to clients		44,062,767	44,163,506
	13.1	56,250,699	46,034,718
		56,428,205	46,213,558

13.1 This includes balance amounting Rs. 132,259 (2020: Rs. 145,051) pertaining to proprietary account in Pakistan Mercantile Exchange Limited.

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14 SHARE CAPITAL

	Note	2021 Rupees	2020 Rupees
Authorized			
6,000,000 (2020: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000
Issued, subscribed and paid up			
3,750,000 (2020: 3,750,000) ordinary shares of Rs.10 each fully paid in cash		37,500,000	37,500,000
1,875,000 (2020: nil) bonus shares of Rs.10 issued to shareholders		18,750,000	-
		56,250,000	37,500,000

14.1 Pattern of Shareholding:

	% age of Shares Held		Number of Shares Held	
	2021	2020	2021	2020
Categories of shareholders				
Individual				
Chief Executive officer (CEO):				
Ch. Muhammad Afzal	21.71%	21.71%	1,221,375	814,250
Directors:				
Ch. Muhammad Ashraf	11.11%	11.11%	625,125	416,750
Ch. Muhammad Arshad	20.07%	20.07%	1,128,750	752,500
Ch. Muhammad Akhtar	20.70%	20.70%	1,164,375	776,250
Ch. Muhammad Amjad	20.70%	20.70%	1,164,375	776,250
Mrs. Mina Arshad Ch.	2.44%	2.44%	137,250	91,500
Mr. Arif Mehmood	0.48%	0.48%	27,000	18,000
Shareholders:				
Mrs. Humaira Afzal	0.13%	0.13%	7,500	5,000
Mr. Ahmed Erbaz Riaz	0.03%	0.03%	1,500	1,000
Mr. Shafique Ahmed	0.48%	0.48%	27,000	18,000
Mr. Amir Rauf Majeed	0.48%	0.48%	27,000	18,000
Mr. Ishtiaq Ahmed	0.48%	0.48%	27,000	18,000
Ch. Imran Bashir	0.48%	0.48%	27,000	18,000
Mr. Akhtar Ali	0.48%	0.48%	27,000	18,000
Mr. Shafqat Ali	0.23%	0.23%	12,750	8,500
	100%	100%	5,625,000	3,750,000

15 FAIR VALUE ADJUSTMENT RESERVE

This represents accumulated gain on available for sale investment and it will be reclassified to statement of profit or loss upon disposal of related investment.

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16 DEFERRED TAXATION

	Note	2021 Rupees	2020 Rupees
Deferred tax liabilities/(assets) arising due to:			
Accelerated tax depreciation		71,718	161,630
Provision against receivables		(1,352,985)	(716,255)
Minimum taxes paid		(290,410)	(290,410)
Alternate corporate taxes paid		(718,265)	-
Taxable losses		(2,618,717)	(4,024,797)
		(4,908,659)	(4,869,832)
Balance as at July 01,		-	-
Add: Charge for the year		-	-
		-	-

16.1 At the year end net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 4,908,659 (2020: Rs. 4,869,832). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2022.

16.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum taxes (Rupees)	Accounting year in which minimum tax will expire
2017	99,443	2022
2018	9,022	2023
2019	68,938	2024
2020	113,007	2025

16.3 Alternative corporate taxes would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum taxes (Rupees)	Accounting year in which minimum tax will expire
2021	718,265	2031

16.4 Business losses would expire as follows:

Accounting year to which business loss relates	Amount of business losses (Rupees)	Accounting year in which business loss will expire
2019	955,013	2025
2020	1,045,409	2026
2021	248,997	2027

16.5 Depreciation losses with no limit to expire are as follows:

Accounting year to which depreciation loss relates	Amount of depreciation losses (Rupees)	Accounting year in which depreciation loss will expire
2013	5,005,030	No expiry limit
2016	281,374	No expiry limit
2018	70,375	No expiry limit
2019	475,560	No expiry limit
2020	948,299	No expiry limit

	Note	2021 Rupees	2020 Rupees
17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		11,988,771	1,111,583
18 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	19.1& 19.2	42,382,288	44,222,542
National Clearing Company of Pakistan Ltd.		931,770	-
Punjab workers welfare fund payable		525,386	208,831
		43,839,444	44,431,373

18.1 The total value of securities pertaining to clients are Rs. 674,710,229 (2020: Rs. 930,203,662) held in sub-accounts of the company. No client security is pledged with the financial institutions except with National Clearing Company of Pakistan Ltd. amounting Rs. 4,538,230 (2020:Rs. 22,078,560) for exposure margin.

18.2 Creditors for sale of shares on behalf of clients include the following amount due to the following related parties:

Name of related party	Basis of relationship	2021 Rupees	2020 Rupees
Ch. Muhammad Akhtar	Director	-	22,308
Ch. Muhammad Afzal	Director	-	314,583
Ch. Muhammad Arshad	Director	3,545	17,452
Ch. Muhammad Amjad	Director	41,155	-
		44,700	354,343

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

Contingencies as at reporting date were Rs. nil (2020: Rs. nil).

19.2 Commitments

Commitments in respect of capital expenditures as at June 30, 2021 were amounting Rs. nil (2020: Rs. nil).

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20 BROKERAGE AND COMMISSION	Note	2021 Rupees	2020 Rupees
Brokerage and commission		17,158,510	8,707,657
Less: Sales tax		2,366,691	1,201,056
		14,791,819	7,506,601

20.1 Brokerage and commission includes the following amounts of commission earned from related parties:

Name of related party	Basis of relationship	2021 Rupees	2020 Rupees
Ch. Muhammad Akhtar	Director	333,603	155,545
Ch. Muhammad Amjad	Director	6,590	1,820
Ch. Muhammad Afzal	Director	152,510	41,464
Ch. Muhammad Arshad	Director	4,235	-
		496,938	198,829

21 DIRECT COST	Note	2021 Rupees	2020 Rupees
Charges paid to:			
Pakistan Stock Exchange Ltd.		498,568	118,722
National Clearing Company of Pakistan Ltd.		146,007	51,537
Central Depository Company of Pakistan Ltd.		134,622	62,006
		779,197	232,265

22 OPERATING EXPENSES			
Directors' remuneration		1,594,478	1,454,703
Staff salaries and benefits		5,604,822	5,626,377
Rent, rates and taxes		368,460	446,464
Communication expenses		506,530	523,568
Utility charges		288,799	351,520
Postage and courier charges		34,235	41,273
Printing and stationery		70,579	75,820
Repair and maintenance	22.1	96,568	106,474
Insurance		2,647	3,924
Legal and professional charges	22.2	1,213,437	519,090
Fee and subscription		284,810	144,412
Charity and donation		-	50,000
Books and newspapers		5,767	5,688
Entertainment		223,807	498,311
Travelling expenses		53,790	66,695
Vehicle running and maintenance		563,819	375,463
Depreciation	4	2,137,612	680,585
Others		177,119	218,177
		13,227,279	11,188,544

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22.1 This includes rent expenses relating to following related parties:

Particulars	2021	2020
Muhammad Afzal - Chief Executive	80,114	-
Muhammad Arshad - Director	80,114	399,000
Muhammad Akhter - Director	80,114	-
Muhammad Amjad - Director	80,114	-
	320,456	399,000

22.2 Auditor's remuneration

The audit fee and remuneration for other services included in the financial statements is as follows:

Amin, Mudassar & Co. Chartered Accountants	Note	2021 Rupees	2020 Rupees
Statutory audit		125,000	115,500
Certification fee		104,095	81,590
		229,095	197,090

23 OTHER OPERATING EXPENSES

Punjab workers welfare fund		316,555	208,831
Provision for doubtful debts		-	10,036
		316,555	218,867

24 OTHER INCOME

Income from financial assets			
Dividend income		3,066,611	969,205
Gain on remeasurement of investment at fair value through profit or loss	11	10,460,427	12,461,145
Interest income		58,891	10,221
Income from assets other than financial assets			
Other income		640,782	17,000
Reversal of provision for doubtful debts		15,151	-
		14,241,862	13,457,571

25 FINANCE COST

Bank charges	19,419	16,920

26 TAXATION

Income tax:		
-Current	1,660,311	431,832
-Deferred	-	-
	1,660,311	431,832

26.1 Income tax assessment of the Company has been finalized up to tax year 2020 on the basis of returns filed as the company did not receive any notice in this respect.

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26.2 No numeric tax rate reconciliation is presented for the current and prior year in these financial statements as the company is either liable to pay tax under final tax regime or alternative corporate tax regime of Income Tax Ordinance, 2001.

27 EARNINGS PER SHARE - BASIC AND DILUTED

	2021	2020 Re-stated
Profit for the year-Rupees	14,167,442	10,009,738
Weighted average number of ordinary shares outstanding during the year-Numbers	5,625,000	5,625,000
Earnings per share-Rupees	2.52	1.78

28 NUMBER OF EMPLOYEES

	2021	2020
	(Number)	
Total number of employees at the end of year	15	16
Average number of employees at the year end	15	16

29 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive, directors and executives of the company is as follows:

	Chief Executive		Directors	
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	180,000	180,000	1,414,478	1,274,703
Number of persons	1	1	5	5

- The Chief Executive and directors are entitled to free use of cars according to the company policy.
- No employee meets the definition of executive as per the requirements of Companies Act, 2017.

30 FINANCIAL INSTRUMENTS BY CATEGORY

	2021 Rupees	2020 Rupees
Financial assets and financial liabilities		
Financial assets		
Available for sale		
Long term investment	18,111,704	17,850,071
At fair value through profit or loss:		
Investment in listed securities	56,005,313	51,726,667

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	2021 Rupees	2020 Rupees
Loans and receivables		
Long term deposits	2,320,000	2,320,000
Trade debts	7,382,042	4,722,169
Loan and advances	1,353,792	573,063
Trade deposits	3,711,529	1,225,655
Cash and bank balances	56,428,205	46,213,558
	145,312,585	124,631,183
Financial liabilities		
At amortized cost		
Deposits, accrued liabilities and advances	11,988,771	1,111,583
Trade and other payables	43,839,444	44,431,373
	55,828,215	45,542,956

31 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. However, there is no major reclassification to report.

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32 NET CAPITAL BALANCE

The net capital balance has been prepared on the basis of Securities Exchange Commission (SEC) Rules, 1971, the Securities Brokers (Licensing and Operations) Regulation, 2016 (The Regulations) and guidelines issued by Securities and Exchange Commission of Pakistan.

	Rupees	Rupees
CURRENT ASSETS		
Margin Deposit with Clearing Houses		
National Clearing Company of Pakistan Limited	1,700,000	1,700,000
Cash in hand and bank balances		
Bank balances		
Pertaining to Brokerage House	12,055,673	
Pertaining to Clients	44,062,767	
	56,118,440	
Cash in hand	177,506	56,295,946
Trade Receivables		
Receivable from National Clearing Company of Pakistan	-	
Receivables from clients	12,047,508	
Less: Outstanding for more than 14 days	6,842,828	
	5,204,680	5,204,680
Investment in Listed Securities		
Securities appearing and owned by Brokerage House	56,005,313	
Less: 15% discount	8,400,797	47,604,516
Securities purchased for clients		
Receivable from clients after expiry of 14 days	2,194,073	2,194,073
		112,999,215
LESS: CURRENT LIABILITIES		
Trade and other payables		
Overdue payables	42,382,287	
Less: Overdue more than 30 days	14,172,228	
	28,210,059	
Other Liabilities		
Trade payables overdue more than 30 days	14,172,228	
Payable from National Clearing Company of Pakistan Limited	931,770	
PWWF Payable	525,386	
Accrued expenses	11,988,771	
Provision for taxation	623,525	
	28,241,680	56,451,739
NET CAPITAL BALANCE		56,547,476

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33 LIQUID CAPITAL BALANCE

The liquid capital balance has been prepared on the basis of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	55,643,509	100.00%	-
1.2	Intangible Assets	9,420,000	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	56,005,313	8,431,868	47,573,445
	ii. If unlisted, 100% of carrying value.	18,111,704	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.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 Pleadge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	2,250,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	1,700,000	-	1,700,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	10,274,109	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
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	-		
	Receivables other than trade receivables	1,353,792	100.00%	-
1.16	**Receivables from clearing house or securities exchange(s)**	-		-
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	0	-	0
	ii) Receivable on entitlements against trading of securities in all markets including MTM gains.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. *i. Lower of net balance sheet value or value determined through adjustments.*	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. *ii. Net amount after deducting haircut*	-	5.00%	-
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, *iii. Net amount after deducting haricut*	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. *iv. Balance sheet value*	3,791,870	-	3,791,870
	v. Incase 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. *v. Lower of net balance sheet value or value determined through adjustments*	3,279,978		3,279,978
	vi. 100% haircut in the case of amount receivable form related parties.	310,194	100.00%	-
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietory accounts	12,055,673	-	12,055,673
	ii. Bank balance-customer accounts	44,062,767	-	44,062,767
	iii. Cash in hand	177,506	-	177,506
1.19	**Total Assets**	**218,436,415**		**112,641,239**

2. Liabilities

2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	931,770	-	931,770
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	42,382,288	-	42,382,288
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	525,386	-	525,386
	ii. Accruals and other payables	11,988,771	-	11,988,771
	iii. Short-term borrowings	-	-	-
	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	623,525	-	623,525
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituion: 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	-	-	-
	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. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans**	-	-	-
	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	-	-	-
2.5	**Total Liabilites**	**56,451,740**		**56,451,740**

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
3.1	**Concentration in Margin Financing**			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	**Concentration in securites lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	**Net underwriting Commitments**			
	(a) in the case of right issuse : if the market value of securites 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 issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	**Repo adjustment**			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	**Concentrated proprietary positions**			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	-	5,335,365	5,335,365
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	**Short sell positions**			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total Ranking Liabilites**	-		5,335,365
		161,984,675		50,854,134
	Liquid Capital Balance			50,854,134

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34 GENERAL

Figures have been rounded off to the nearest of rupee.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 07 OCT 2021 by the Board of Directors of the Company.

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED TREC HOLDER 275

DIRECTOR

Rahat Securities Limited

TREC HOLDER PAKISTAN STOCK EXCHANGE LIMITED.
UNIVERSAL MEMBER PAKISTAN MERCANTILE EXCHANGE LIMITED.
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Tel: 042 - 36303876 - 78, 36316208, 36316210 **Fax:** 042-36314253
E-mail: info@rahatonline.com Website: www.rahatonline.com

DIRECTOR'S REPORT

The Directors of your company welcome you to the Annual General Meeting and feel pleasure to present the annual report together with audit accounts for the year ended June 30, 2021.

The Financial results for the year under review are as under:

	2021 Rs.	2020 Rs.
Profit / (Loss) before Taxation	**15,827,753**	**10,441,570**
Taxation – Provision	**(1,660,311)**	**(431,832)**
Net (Loss)/Profit after Taxation	**14,426,075**	**9,621,509**
Balance brought forward from previous Year	**110,055,600**	**100,434,091**
Bonus Shares Issued	**(18,750,000)**	**-**
Profit available for appropriation	**105,734,675**	**110,055,600**

COMPANY PERFORMANCE

The Financial results during the year show increasing results in terms of brokerage revenue. The Pre-Tax Profit of Rs. 15,827,753/= as compared to Previous Year Pre-Tax Profit of Rs. 10,441,570/= for the year ended June 30, 2021.

FUTURE PROSTECTS

The Company expects better prospects in the coming year and directors hope that during the coming year brokerage income and capital gain of the company will increase with the constant ratio. The directors are making continuous efforts to expend its current market.

DIVIDEND

No dividend has been declared during the year as the management is planning to expand the business activities.

EPS

The Earning per Share for the year under review is Rs. 2.52 in comparison to Earning per Share of Rs. 1.78 in the preceding year.

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E-mail: info@rahatonline.com Website: www.rahatonline.com

AUDITORS

The present auditor M/S AMIN, MUDASSAR & COMPANY, Chartered Accountants, retire being eligible offer themselves for re-appointing.

The Directors wish to express their appreciation for the services rendered by all employee of the Company during the year.

On behalf of the Board of Directors

Chaudhry Muhammad Afzal
Chief Executive

Lahore: October 07, 2021.