

ADVISORY • ASSURANCE • TAX

**SUMMIT CAPITAL (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

Now, for tomorrow



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SUMMIT CAPITAL (PRIVATE) LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **SUMMIT CAPITAL (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **December 31, 2021**, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the cash flow statement 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, statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 December 31, 2021 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (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.

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.

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- 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, statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 **Mehmood A. Razzak**.

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*Mehmood A. Razzak*

Karachi

Date: 01 MAY 2022

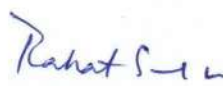
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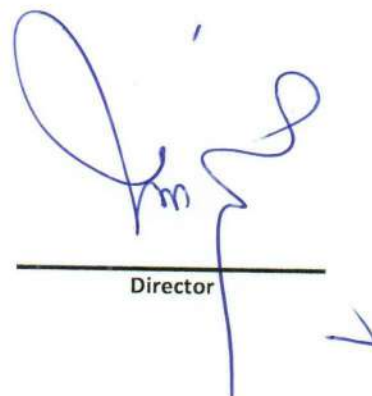
**SUMMIT CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	2021	2020
ASSETS	----- (Rupees in '000) -----	-----
<b>NON-CURRENT ASSETS</b>		
Property and equipment	5 32,579	35,001
Intangible assets	6 2,541	2,559
Long term advances	7 2,500	2,500
Long term investment	8 33,686	35,401
Investment property	9 18,134	18,504
Long term deposits	10 3,165	3,166
Deferred tax asset - net	11 5,840	6,066
	98,445	103,197
<b>CURRENT ASSETS</b>		
Debtors	12 44,548	47,399
Short term loans	13 737	777
Short term deposits, prepayments and other receivables	14 49,025	63,406
Advance tax - net	34,706	33,510
Cash and bank balances	15 60,875	163,469
	189,891	308,561
	<u>288,336</u>	<u>411,758</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
50,000,000 Ordinary shares of Rs.10 each	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up share capital	16 300,000	300,000
Unrealized gain on revaluation of investment	17,375	19,090
Accumulated losses	(102,246)	(79,829)
	215,129	239,261
<b>CURRENT LIABILITIES</b>		
Creditors and other payables	17 73,207	172,497
	<u>288,336</u>	<u>411,758</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
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The annexed notes from 1 to 35 form an integral part of these financial statements.

by

  
 Chief Executive Officer

  
 Director

**SUMMIT CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
Note	----- (Rupees in '000) -----	-----
Equity brokerage commission	19 36,072	34,962
Money market and forex brokerage commission	34,742	33,029
Commodity commission	85	276
Dividend income	2,901	1,592
Other income	20 7,891	13,953
	81,691	83,812
Operating and administrative expenses	21 (99,459)	(95,859)
Financial and other charges	22 (411)	(165)
	(99,870)	(96,024)
<b>Loss before taxation</b>	<b>(18,179)</b>	<b>(12,212)</b>
<b>Taxation</b>		
- Current	23 (6,462)	(6,090)
- Deferred	(226)	(165)
	(6,688)	(6,255)
<b>Loss after taxation</b>	<b>(24,867)</b>	<b>(18,467)</b>
<b>Loss per share - basic and diluted</b>	<b>24 (0.83)</b>	<b>(0.62)</b>

*The annexed notes from 1 to 35 form an integral part of these financial statements.*

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Rahat Khan

Chief Executive Officer

Director

SUMMIT CAPITAL (PRIVATE) LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2021

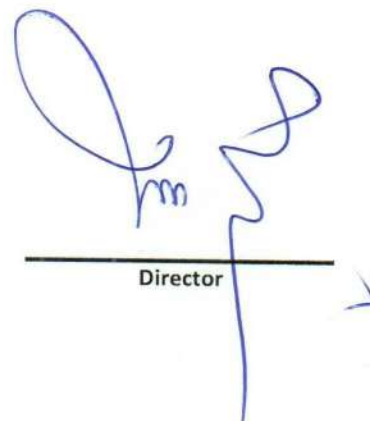
	Note	2021 ----- (Rupees in '000) -----	2020 -----
Loss after taxation		(24,867)	(18,467)
<b>Other comprehensive income - net</b>			
<b>Items that will not to be reclassified subsequently to profit or loss</b>			
Actuarial gain / (loss) on defined benefit plan	17.3.4	2,450	(589)
Unrealized (loss) / gain on revaluation of investment		(1,715)	3,751
<b>Total comprehensive loss for the year</b>		<u><u>(24,132)</u></u>	<u><u>(15,305)</u></u>

*The annexed notes from 1 to 35 form an integral part of these financial statements.*

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Rahat Khan

Chief Executive Officer

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 Director

**SUMMIT CAPITAL (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Issued, subscribed and paid-up capital	Unrealized gain on revaluation of investments	Accumulated Losses	Total
----- (Rupees in '000) -----				
<b>Balance as at January 01, 2020</b>	<b>300,000</b>	<b>15,339</b>	<b>(60,773)</b>	<b>254,566</b>
Loss for the year	-	-	(18,467)	(18,467)
<b>Other Comprehensive Income / (loss)</b>				
Actuarial loss on defined benefit plan	-	-	(589)	(589)
Unrealized gain on revaluation of investment	-	3,751	-	3,751
<b>Total comprehensive gain / (loss) for the year</b>	-	<b>3,751</b>	<b>(19,056)</b>	<b>(15,305)</b>
<b>Balance as at December 31, 2020</b>	<b>300,000</b>	<b>19,090</b>	<b>(79,829)</b>	<b>239,261</b>
Loss for the year	-	-	(24,867)	(24,867)
<b>Other Comprehensive Income / (loss)</b>				
Actuarial gain on defined benefit plan	-	-	2,450	2,450
Unrealized loss on revaluation of investment	-	(1,715)	-	(1,715)
<b>Total comprehensive loss for the year</b>	-	<b>(1,715)</b>	<b>(22,417)</b>	<b>(24,132)</b>
<b>Balance as at December 31, 2021</b>	<b>300,000</b>	<b>17,375</b>	<b>(102,246)</b>	<b>215,129</b>

*The annexed notes from 1 to 35 form an integral part of these financial statements.*

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Chief Executive Officer

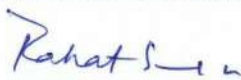
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Director

**SUMMIT CAPITAL (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	----- (Rupees in '000) -----	
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(18,179)	(12,212)
<b>Adjustments for non-cash items:</b>		
Depreciation	2,205	2,687
Amortization	18	25
Provision for leave encashment	(125)	1,075
Provision for staff retirement gratuity	1,159	1,152
Interest income on staff loan	(84)	(68)
Gain on disposal of property and equipment	(1,060)	(809)
TRE certificate impairment	-	1,886
Dividend income	(2,901)	(1,592)
Reversal of provision against doubtful debts	(1,289)	(5,964)
Financial charges	411	165
	(1,666)	(1,443)
<b>Changes in working capital</b>		
<b>Net decrease in assets</b>		
Debtors	4,140	10,743
Short-term loans	40	(151)
Short-term deposits, prepayments and other receivables	14,381	(5,218)
Long term deposits	1	3,001
	18,562	8,375
<b>(Decrease) / increase in liabilities</b>		
Creditors and other payables	(98,441)	78,541
<b>Cash (used in) / generated from operations</b>	<b>(99,724)</b>	<b>73,261</b>
Compensated absences paid	(724)	(138)
Income tax paid	(7,659)	(7,349)
Financial charges paid	(411)	(165)
Gratuity paid	1,291	(1,741)
Interest received on staff loan	84	68
<b>Net cash (used in) / generated from operating activities</b>	<b>(107,143)</b>	<b>63,936</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property and equipment	(152)	(262)
Dividend received	2,901	1,592
Sale proceeds from disposal of property and equipment	1,800	945
<b>Net cash generated from investing activities</b>	<b>4,549</b>	<b>2,275</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Running finance availed	99,998	25,540
Running finance repaid	(99,998)	(25,540)
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(102,594)</b>	<b>66,211</b>
Cash and cash equivalents at beginning of the year	163,469	97,258
<b>Cash and cash equivalents at the end of the year</b>	<b>60,875</b>	<b>163,469</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director



**SUMMIT CAPITAL (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. THE COMPANY AND ITS OPERATIONS**

Summit Capital (Private) Limited (the Company) is a private limited company, incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984 (repealed by Company's Act 2017). The Company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the Company are equity brokerage, money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. The registered office of the Company is situated at 701-702, 7th Floor, Business and Finance Centre, opposite State Bank of Pakistan, I.I. Chundrigar Road, Karachi. The Company is a wholly owned subsidiary of Summit Bank Limited.

**2. BASIS OF PREPARATION**

These financial statements have been prepared under the historical cost convention except for long term investments which are carried at fair value through other comprehensive income.

**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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 New and amended standards and interpretations**

**2.2.1 Standards, amendments to approved accounting standards effective in current year**

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2021. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

**2.2.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and Equipment**

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to the Statement of profit or loss as and when incurred. Depreciation is charged to the Statement of profit or loss over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 5 to the financial statements.

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The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount. Depreciation is charged from the month of purchase and no depreciation is charged from the month of disposal.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in the Statement of profit or loss.

### **3.2 Intangible assets**

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of the asset on a systematic basis to the Statement of profit or loss applying the reducing balance method at the rate specified in note 6 to the financial statements. Amortization is charged from the month of purchase and no amortization is charged from the month of disposal.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

Intangible assets with indefinite useful lives are not amortized. Instead they are tested for impairment at each balance sheet date whether these are in excess of their recoverable amounts, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amount.

Cost associated with maintaining assets are recognized as an expense in the period in which these are incurred.

Gains and losses on disposals of assets, if any, are included in the Statement of profit or loss.

### **3.3 Investment property**

Property held for long-term rental yield, or for capital appreciation or both is classified as investment property.

This is stated at cost less accumulated depreciation and impairment, if any. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to the Statement of profit or loss over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 9 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end.

Gains and losses on disposals of assets, if any, are included in the Statement of profit or loss.

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### 3.4 Financial assets

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments.

#### **Initial Measurement**

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

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

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

#### **Subsequent Measurement**

##### **i. Equity Instruments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

##### **ii. Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the Statement of profit or loss.

##### **iii. Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the the Statement of profit or loss.

##### **iv. De-recognition**

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

### 3.5 Financial liabilities

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

### 3.6 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. 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 place.

### 3.7 Creditors and other payables

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid.

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### 3.8 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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 realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

### 3.9 Trade debtors and other receivables

Trade debtors and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts.

### 3.10 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### 3.11 Revenue recognition

- Brokerage, commission, consultancy and advisory fee are recognized as such services are rendered.
- Income from placements is recognized on time proportion basis.
- Fee on distribution of open end units is recognized as such services are rendered.
- Gain / (loss) on the sale of investment is included in the Statement of profit or loss in the period in which they arise.
- Mark-up income on government securities, return on bank deposits and balances and other revenues are recognized on accrual basis.
- Dividend income on equity investments is recognized when the right to receive the same is established.

### 3.12 Taxation

#### Current

Provision for taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, in accordance with Income Tax Ordinance, 2001.

#### Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the the Statement of profit or loss.

Deferred tax, if any, on revaluation of investments is recognized as an adjustment to surplus / deficit arising on revaluation.

### **3.13 Staff retirement benefits**

#### **Defined contribution plan**

The Company operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

#### **Defined benefit plan**

The Company has a staff gratuity fund for management employees as described in note 17.3. Provision is made annually in accordance with actuarial recommendations using the Projected Unit Credit method.

Actuarial gains or losses are recognized in other comprehensive income when they occur. Amounts recorded in the Statement of profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

### **3.14 Employee compensated absences**

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees up to the balance sheet date.

### **3.15 Cash and cash equivalents**

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

### **3.16 Provisions**

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

### **3.17 Fiduciary assets**

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

### **3.18 Earnings per share**

Earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares, outstanding during the period.

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#### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

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. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	<u>Note</u>
- Provision for doubtful debts	3.9 & 12
- Classification of investments	3.4
- Useful lives of assets and methods of depreciation/amortisation	3.1, 3.2, 3.3 & 5, 6 & 9
- Deferred taxation	3.12 & 11
- Defined benefit plan	3.13 & 17.3

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5. PROPERTY AND EQUIPMENT

Stock exchange rooms	Leasehold improvements	Furniture and fittings	Motor vehicles	Office equipment	Computer equipment	Electrical equipment	Total
----- (Rupees in '000) -----							

Year ended December 31, 2020

Opening net book value	24,200	346	490	7,993	1,170	1,009	1,977	37,185
Additions	-	-	-	-	-	262	-	262
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	(1,050)	-	-	-	(1,050)
Accumulated depreciation	-	-	-	914	-	-	-	914
Depreciation charge	-	(35)	(49)	(136)	(117)	(326)	(200)	(136)
Depreciation charge	-	(35)	(49)	(1,583)	(117)	(326)	(200)	(2,310)
Closing net book value	24,200	311	441	6,274	1,053	945	1,777	35,001

As at December 31, 2020

Cost	24,200	1,240	1,638	21,173	4,308	17,066	6,396	76,021
Accumulated depreciation	-	(929)	(1,197)	(14,899)	(3,255)	(16,121)	(4,619)	(41,020)
Net book Value	24,200	311	441	6,274	1,053	945	1,777	35,001

Year ended December 31, 2021

Opening net book value	24,200	311	441	6,274	1,053	945	1,777	35,001
Additions	-	-	-	-	-	152	-	152
Disposal	-	-	-	-	-	-	-	-
Cost	-	-	-	(2,442)	-	-	-	(2,442)
Accumulated depreciation	-	-	-	1,703	-	-	-	1,703
Depreciation charge	-	(31)	(44)	(739)	(105)	(300)	(178)	(739)
Depreciation charge	-	(31)	(44)	(1,177)	(105)	(300)	(178)	(1,835)
Closing net book value	24,200	280	397	4,358	948	797	1,599	32,579

As at December 31, 2021

Cost	24,200	1,240	1,638	18,731	4,308	17,218	6,396	73,731
Accumulated depreciation	-	(960)	(1,241)	(14,373)	(3,360)	(16,421)	(4,797)	(41,152)
Net book Value	24,200	280	397	4,358	948	797	1,599	32,579

Rate of depreciation

10%	10%	20%	10%	30%	10%
-----	-----	-----	-----	-----	-----

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5.1 Disposal of property and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of Purchaser
Motor vehicle - Suzuki Cultus	1,417	(830)	587	1,050	462	Company policy	Mrs. Asma Amjad w/o Late Mr. M. Amjad Iqbal Khan (Ex- Employee)
Motor vehicle - Suzuki Cultus	1,025	(873)	152	750	598	Company policy	Mr. Adnan (Ex- Employee)
<b>December 31, 2021</b>	<b>2,442</b>	<b>(1,703)</b>	<b>739</b>	<b>1,800</b>	<b>1,060</b>		
December 31, 2020	1,050	(914)	136	945	809		

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6. INTANGIBLE ASSETS

**As at December 31, 2019**

Cost  
Accumulated amortization

**Net book Value**

**Year ended December 31, 2020**

Opening net book value  
Impairment charged during the year  
Amortization charge

**Closing net book value**

**As at December 31, 2020**

Cost  
Accumulated amortization

**Net book Value**

**Year ended December 31, 2021**

Opening net book value  
Amortization charge

**Closing net book value**

**As at December 31, 2021**

Cost  
Accumulated amortization

**Net book Value**

Rate of amortisation

	Computer software	Trading Rights Entitlement Certificate (TREC)	Total
----- (Rupees in '000) -----			
Cost	5,359	4,386	9,745
Accumulated amortization	(5,275)	-	(5,275)
<b>Net book Value</b>	<b>84</b>	<b>4,386</b>	<b>4,470</b>
Opening net book value	84	4,386	4,470
Impairment charged during the year	-	(1,886)	(1,886)
Amortization charge	(25)	-	(25)
<b>Closing net book value</b>	<b>59</b>	<b>2,500</b>	<b>2,559</b>
Cost	5,359	2,500	7,859
Accumulated amortization	(5,300)	-	(5,300)
<b>Net book Value</b>	<b>59</b>	<b>2,500</b>	<b>2,559</b>
Opening net book value	59	2,500	2,559
Amortization charge	(18)	-	(18)
<b>Closing net book value</b>	<b>41</b>	<b>2,500</b>	<b>2,541</b>
Cost	5,359	2,500	7,859
Accumulated amortization	(5,318)	-	(5,318)
<b>Net book Value</b>	<b>41</b>	<b>2,500</b>	<b>2,541</b>
Rate of amortisation	30%	-	

7. LONG TERM ADVANCES

**Considered good - unsecured**

Advance for office premises in Pakistan Mercantile Exchange Limited

	2021	2020
----- (Rupees in '000) -----		
Advance for office premises in Pakistan Mercantile Exchange Limited	2,500	2,500
	<b>2,500</b>	<b>2,500</b>

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8. LONG TERM INVESTMENT	Note	2021		2020	
		----- (Rupees in '000) -----			
		Number of shares			
		2021	2020		
<b>Quoted securities</b>					
1,602,953	1,602,953	Pakistan Stock Exchange Limited	22,041	23,756	
<b>Unquoted securities</b>					
843,975	843,975	LSE Financial Services Limited	8.1	6,344	6,344
3,034,603	3,034,603	ISE Towers REIT Management Company Limited	8.1	5,301	5,301
			<b>33,686</b>	<b>35,401</b>	

8.1 These represent investments in unquoted equity securities. The Company has carried out the detailed evaluation of the fair value measurements basis. However, due to absence of reliable estimate of fair value using valuation techniques as allowed under IFRS-13 Fair value measurement, these investments are being carried at cost until the Company is able to determine the reliable fair value that represents the price that would be received to sell the investments in an orderly transaction between market participants at the measurement date.

## 9. INVESTMENT PROPERTY

	Residential premises	Total
----- (Rupees in '000) -----		
<b>As at December 31, 2019</b>		
Cost	23,500	23,500
Accumulated depreciation	(4,619)	(4,619)
<b>Net book Value</b>	<b>18,881</b>	<b>18,881</b>
<b>Year ended December 31, 2020</b>		
Opening net book value	18,881	18,881
Additions	-	-
Depreciation charge	(377)	(377)
<b>Closing net book value</b>	<b>18,504</b>	<b>18,504</b>
<b>As at December 31, 2020</b>		
Cost	23,500	23,500
Accumulated depreciation	(4,996)	(4,996)
<b>Net book Value</b>	<b>18,504</b>	<b>18,504</b>
<b>Year ended December 31, 2021</b>		
Opening net book value	18,504	18,504
Additions	-	-
Depreciation charge	(370)	(370)
<b>Closing net book value</b>	<b>18,134</b>	<b>18,134</b>
<b>As at December 31, 2021</b>		
Cost	23,500	23,500
Accumulated depreciation	(5,366)	(5,366)
<b>Net book Value</b>	<b>18,134</b>	<b>18,134</b>
Rate of depreciation	2%	

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9.1 The investment property represents six flats located at Bhurban Heights, Bhurban. The fair value of above property was Rs. 27.611 million as on December 17, 2021, determined as a result of a valuation carried out by M/s. Appraisals - an independent firm of professional valuers. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

10. LONG TERM DEPOSITS	Note	2021 ----- (Rupees in '000) -----	2020
<b>Considered good</b>			
Central Depository Company of Pakistan Limited		175	175
National Clearing Company of Pakistan Limited		1,400	1,400
Pakistan Mercantile Exchange Limited		1,548	1,549
Pakistan Telecommunication Company Limited		42	42
		<b>3,165</b>	<b>3,166</b>
<b>11. DEFERRED TAX ASSET - NET</b>			
<b>Deductible temporary differences arising on:</b>			
Provision for staff compensated absences		1,235	1,497
Minimum tax		354	76
Alternative corporate tax		4,235	4,512
<b>Taxable temporary differences arising on:</b>			
Accelerated depreciation for tax purposes		16	(20)
		<b>5,840</b>	<b>6,066</b>
<b>12. DEBTORS</b>			
<b>Considered good</b>			
Due from clients in respect of securities transactions - secured		873	1,771
Commission receivable - unsecured		7,050	7,731
Receivable against sale of securities from clearing house		8,316	10,877
	<b>12.1</b>	16,239	20,379
<b>Considered doubtful</b>			
Due from clients in respect of securities transactions - secured	<b>12.2</b>	28,309	27,020
Due from clients in respect of securities transactions - unsecured		55,887	57,176
		84,196	84,196
		100,435	104,575
Less: Provision for doubtful debts	<b>12.3</b>	(55,887)	(57,176)
		<b>44,548</b>	<b>47,399</b>

12.1 Includes Rs. 0.011 million (2020: Rs. 0.127 million) due from the holding company.

12.2 These are secured against collateral having fair market value amounting to Rs. 39.291 (2020: Rs. 36.429) million.

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	2021	2020
	----- (Rupees in '000) -----	
<b>12.3 Movement in provision for doubtful debts</b>		
Opening balance	57,176	63,140
Reversal during the year	(1,289)	(5,964)
<b>Closing balance</b>	<u>55,887</u>	<u>57,176</u>

**13. SHORT TERM LOANS**

Staff loans - unsecured		
- Employees	737	777
	<u>737</u>	<u>777</u>

**13.1** These represent personal loans to employees under the terms of employment. These loans carry mark-up at the rate of 8% per annum. The maximum aggregate balance outstanding at the end of any month during the year from executives amounted to Rs 0.325 (2020: Rs. NIL) million.

**14. SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	2021	2020
	----- (Rupees in '000) -----	
Exposure deposits	48,728	63,157
Prepayments	297	249
	<u>49,025</u>	<u>63,406</u>

**14.1** This represents exposure deposit held with the NCCPL in respect of PSX Future Market amounting to Rs. 13.228 million (2020: Rs. 8.157 million) and PSX Regular Market amounting to Rs. 35.500 million (2020: Rs. 55 million).

**15. CASH AND BANK BALANCES**

	2021	2020
	----- (Rupees in '000) -----	
Cash in hand	6	1
<b>Cash with banks:</b>		
- Current accounts	55,027	154,361
- PLS savings accounts	5,842	9,107
	<u>60,875</u>	<u>163,469</u>

**15.1** Includes accounts amounting to Rs. 53.256 million (2020: Rs. 148.612 million) maintained with the holding company.

**15.2** This carries profit at rate of 7.00% to 8.75% (2020: 7.00% to 13.25%) per annum and includes aggregate balance of Rs. 5.832 (2020: Rs. 9.048) million maintained with the holding company.

**15.3** Details of customer assets held in designated bank accounts and Central Depository Company (CDC) are as follow:

	2021	2020
	----- (Rupees in '000) -----	
<b>15.3.1 Customer Assets</b>		
Bank Account balance - Clients	<u>53,255</u>	<u>148,610</u>

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15.3.2	Customer Assets - Securities	2021	2020
		----- Number of Securities -----	
	Securities held in the name of Clients'	<u>142,232,877</u>	<u>122,400,822</u>
	Securities held in the name of Company	<u>5,481,531</u>	<u>5,481,531</u>

15.3.3	Pledged Securities (Value)	2021	2020
		----- (Rupees in '000) -----	
	Pledged with PSX on behalf of Company (for Base Minimum Capital)	38,786	38,786
	Total value of pledged securities	<u>38,786</u>	<u>38,786</u>

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	Note	2021	2020
		----- (Rupees in '000) -----	
		2021	2020
		-----Number of Shares -----	
	Ordinary shares of Rs.10 each issued for consideration other than cash	<u>30,000,000</u>	<u>30,000,000</u>
		<u>300,000</u>	<u>300,000</u>

17. CREDITORS AND OTHER PAYABLES		2021	2020
Due to clients in respect of securities transactions		61,571	159,487
Deposit from employees against vehicles	17.1	1,599	1,744
Accrued liabilities	17.2	9,451	10,878
Others		586	388
Payable against defined benefit plan - Gratuity	17.3	-	-
		<u>73,207</u>	<u>172,497</u>

17.1 These represent vehicle deposits from executives under Company's policy.

17.2 This includes provision for staff compensated absences amounting to Rs. 4.424 (2020: Rs. 5.273) million.

17.2.1	Provision for staff compensated absences	2021	2020
		----- (Rupees in '000) -----	
	Opening balance	5,273	4,336
	(Reversal) / charge for the year	(125)	1,075
	Encashment during the year	(724)	(138)
	Closing balance	<u>4,424</u>	<u>5,273</u>

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**17.3 Gratuity payable - defined benefit plan**

**17.3.1 General description**

The Company has a gratuity fund that has been recognized by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the fund has been duly executed on July 12, 2007.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at the date of statement of financial position. The latest valuation was carried out as at December 31, 2021.

17.3.2 Principal actuarial assumptions	2021 ----- % per annum -----	2020
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees	10.75	13.00
Expected rate of return on plan assets	10.75	13.00
Discount rate	10.75	10.25
17.3.3 Reconciliation of payable to / (receivable from) defined benefit plan	2021 ----- (Rupees in '000) -----	2020
Present value of defined benefit obligation	13,299	15,375
Fair value of plan assets	(13,299)	(15,375)
Asset / liability recognized in the statement of financial position	<u>          -</u>	<u>          -</u>
17.3.4 Movement in net liability recognized		
Opening net (asset) / liability	-	-
Charge for the year	1,159	1,152
Withdrawal	4,041	1,009
Other comprehensive (loss) / income - OCI	(2,450)	589
Contributions paid to the fund during the year	(2,750)	(2,750)
Closing net (asset) / liability	<u>          -</u>	<u>          -</u>
17.3.5 Expense charged in the statement of profit or loss		
Current service cost	1,419	1,265
Net interest	(260)	(113)
	<u>          1,159</u>	<u>          1,152</u>

**17.3.6 Sensitivity analysis on significant actuarial assumptions**

Change in assumption	Impact on present value of DBO		
	Increase in assumption	Decrease in assumption	
	----- (Rupees in '000) -----		
Discount Rate	± 1 %	12,030	14,763
Salary Increase Rate	± 1 %	14,824	11,958
Withdrawal rate	± 1 %	13,296	13,301
1 year mortality age set	Back/Forward	13,306	13,291

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**18. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2021 and December 31, 2020.

<b>19. EQUITY BROKERAGE COMMISSION</b>	<b>2021</b>	<b>2020</b>
	----- (Rupees in '000) -----	
Retail customers trades	23,556	22,911
Institutional trades	12,516	12,050
<b>Total Trades</b>	<b>36,072</b>	<b>34,962</b>

<b>20. OTHER INCOME</b>	<b>2021</b>	<b>2020</b>
	----- (Rupees in '000) -----	
<b>Income from financial assets</b>		
Profit on bank accounts	597	1,500
Profit on cash margins	2,910	3,811
Mark-up on loans	84	68
Others	-	43
Reversal of provision for doubtful debts	1,289	5,964
<b>Income from non financial assets</b>		
Rental income	1,931	1,756
Gain on disposal of property and equipment	1,060	809
Commission	20	2
	<b>7,891</b>	<b>13,953</b>

**21. OPERATING AND ADMINISTRATIVE EXPENSES**

Salaries and benefits	<b>21.1</b>	62,322	58,246
PSX, NCCPL and CDC charges		5,500	5,641
Depreciation	<b>5 &amp; 9</b>	2,205	2,687
Amortization	<b>6</b>	18	25
TRE certificate impairment	<b>6</b>	-	1,886
Stamps and fee		90	72
Telephone, fax and postage		5,560	5,321
Rent, rates and taxes		4,371	4,028
Fees and subscription		594	709
Vehicles running		3,247	2,791
Repairs and maintenance		3,080	2,469
Utilities		3,429	3,086
Printing and stationery		777	741
Travelling and conveyance		572	518
Legal and professional		1,385	1,200
Entertainment		1,664	1,469
Auditors' remuneration	<b>21.2</b>	1,317	1,632
Insurance		2,849	2,723
Fine / Penalties		-	300
Others		479	315
		<b>99,459</b>	<b>95,859</b>

**21.1** This includes an amount of Rs. 2.959 million (2020: Rs. 2.901 million) in respect of employees provident fund contribution and Rs. 1.159 million (2020: Rs. 1.152 million) in respect of staff gratuity fund.

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**21.2 Auditors' Remuneration**

	2021	2020
	----- (Rupees in '000) -----	
Annual audit fee	402	402
Special audit fee	-	291
Sales tax on services	94	121
Other certifications	769	769
Out of pocket expenses	52	49
	<u>1,317</u>	<u>1,632</u>

**22. FINANCIAL AND OTHER CHARGES**

Mark-up on running finance	329	49
Bank charges	82	116
	<u>411</u>	<u>165</u>

**23. TAXATION**

This represents tax on income chargeable under Minimum Tax and Final Tax Regime (FTR), therefore, no numerical tax reconciliation is reported.

According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Provision for taxation	Tax year	Provision for taxation	Tax assessed
		----- (Rupees in '000) -----	
December 31, 2020	2021	6,090	6,090
December 31, 2019	2020	5,833	5,676
December 31, 2018	2019	4,646	4,803

**24. LOSS PER SHARE - basic and diluted**

		2021	2020
Loss after taxation	Rupees	(24,867,000)	(18,467,000)
Weighted average number of shares	Number of shares	30,000,000	30,000,000
Loss per share -basic and diluted	Rupee	<u>(0.83)</u>	<u>(0.62)</u>

**25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2021			2020		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	3,123	2,118	9,691	2,981	1,933	9,132
Housing and utilities	1,718	1,165	5,330	1,640	1,063	5,023
Medical	40	40	180	40	40	180
Retirement benefits	312	212	969	298	193	913
Commission	-	93	1,503	-	89	2,181
Others	827	604	2,958	752	534	2,619
	<u>6,020</u>	<u>4,232</u>	<u>20,631</u>	<u>5,711</u>	<u>3,852</u>	<u>20,048</u>
Number of persons	1	1	6	1	1	6

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25.1 In addition to the above, Chief Executive and Executives have been provided with free use of Company maintained vehicles under the service contracts.

## 26. RELATED PARTY TRANSACTIONS

The related parties comprise holding company, related group companies, staff retirement funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	Note	2021 ----- (Rupees in '000) -----	2020
<b>Holding Company - Summit Bank Limited</b>			
Equity brokerage income		3,787	939
Money market and forex brokerage income		162	185
Profit on bank accounts		590	1,480
Financial charges paid		406	151
Running finance availed	26.2	99,998	25,540
Running finance repaid		(99,998)	(25,540)
Rent paid		3,771	3,428
Generator fuel re-imburement		232	147
<b>Other related parties</b>			
Equity and commodity brokerage income - Directors, key management personnel		402	139
Contribution paid to Gratuity Fund		1,159	1,152
Contribution paid to Provident Fund		2,959	2,901

26.1 The outstanding balances with related parties are disclosed in their respective notes to the financial statements.

26.2 The Company has availed short term running finance limit of Rs. 300 million from its holding company which is secured against hypothecation of current assets with 30% margin and first charge over present and future receivables.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (comprising interest rate risk currency risk and equity price risk). The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

### 27.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified thereby mitigating any significant concentration of credit risk.

The Company is exposed to credit risk on long term deposits, trade debtors, short term loans, short term deposits and other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

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	Note	2021 ----- (Rupees in '000) -----	2020
Long term deposits		3,165	3,166
Debtors		44,548	47,399
Short term loans		737	777
Short term deposits and other receivables	27.1.1	48,728	63,157
Bank balances	27.1.2	60,869	163,468
		<b>158,047</b>	<b>277,967</b>

#### 27.1.1 Short term deposits and other receivables

It comprises mainly of exposure deposit kept with NCCPL amounting to Rs. 48.728 million ( 2020: Rs. 63.157 million).

#### 27.1.2 Bank balances

The credit risk related to bank balances is managed through ensuring that such balances are held and kept with reputed banks with good credit ratings.

### 27.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates.

	2021					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Creditors and other payables	73,207	73,207	73,207	-	-	-
	<b>73,207</b>	<b>73,207</b>	<b>73,207</b>	-	-	-
	2020					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Creditors and other payables	172,497	172,497	172,497	-	-	-
	<b>172,497</b>	<b>172,497</b>	<b>172,497</b>	-	-	-

### 27.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market price risks comprises of interest rate risk, currency risk and equity price risk.

#### 27.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to the risk of changes in market interest rates.

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### 27.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company has no financial assets or liabilities denominated in foreign currency as of year end that are exposed to foreign currency exchange rate fluctuations.

### 27.3.3 Foreign Currency risk

The company has no financial assets or liabilities denominated in foreign currency as of year end that are exposed to foreign currency exchange rate fluctuations.

### 27.3.4 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not hold any short-term investments as of December 31, 2021.

## 27.4 Capital management

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

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

## 27.5 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

## 27.6 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Equity securities  
Un-quoted securities

2021			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
22,041	-	-	22,041
-	-	11,645	11,645
<b>22,041</b>	<b>-</b>	<b>11,645</b>	<b>33,686</b>

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2020 (Restated)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
Equity securities	23,756	-	23,756
Un-quoted securities	-	11,645	11,645
<b>23,756</b>	<b>-</b>	<b>11,645</b>	<b>35,401</b>

**28. Pattern of shareholdings with percentage**

	Percentage	2021	2020
		----- Number of Shares -----	
Summit Bank Limited	100%	29,999,996	29,999,996
Rahat Saeed Khan	0%	1	1
Muzammil Hussain	0%	1	1
Zubair Aziz	0%	1	-
Syed Mohammad Anwar Lutfullah	0%	-	1
Salman Zafar Siddiqi	0%	1	-
Irfan Saleem Awan	0%	-	1
<b>Total</b>	<b>100%</b>	<b>30,000,000</b>	<b>30,000,000</b>

**28.1** The company's is a wholly owned subsidiary of Summit Bank Limited. Mr. Irfan Saleem Awan resigned from the Board of Directors on February 12, 2021, Mr. Salman Zafar Siddiqi was appointed as a Director on July 15, 2021.

**29. Disclosure under regulation 5(4) of Research Analyst Regulations, 2015**

At present, SCPL employs 2 members in its research department (including head of research and a research analyst). All member(s) report to Head of Research who in turn reports to CEO. Compensation structure of research analysts is flat and is subject to qualification, experience and skillset of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents/outcome of research report. During the year ended December 31, 2021, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 4,665,245 which comprises basic salary, medical allowance, provident fund and other benefits as per Company's policy.

**30. CAPITAL ADEQUACY LEVEL**

	Note	2021 ----- (Rupees in '000) -----	2020
Total assets	<b>30.1</b>	288,336	411,758
Less: Total liabilities		(73,207)	(172,497)
Revaluation Reserves (created upon revaluation of fixed assets)		-	-
<b>Capital Adequacy Level</b>		<b>215,129</b>	<b>239,261</b>

**30.1** While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Summit Capital (Private) Limited as at year ended December 31, 2021 as determined by Pakistan Stock Exchange has been considered.

**31. NET CAPITAL BALANCE**

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

*Mj*

<u>Description</u>	<u>Valuation</u>	<u>Note</u>	<u>2021 Rupees</u>
<b>CURRENT ASSETS</b>			
Cash and bank balances	As per book value	<b>32.1</b>	109,602,688
Trade receivables	Book value less overdue for more than 14 days	<b>32.2</b>	348,792
Receivable from NCCPL	As per book value		8,315,690
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount		-
Securities purchased for client			18,004,814
			<b>136,271,984</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	Book value less overdue for more than 30 days	<b>31.3</b>	22,601,312
Other payables	As per book values	<b>31.4</b>	50,605,382
			<b>73,206,694</b>
			<b>63,065,290</b>
<b>31.1 Cash and bank balances</b>			
Cash deposited as margins with Stock Exchange and National Clearing Company of Pakistan Limited			48,727,942
Clients' Bank Account Balance			
a) Bank balance(s) pertaining to brokerage house			7,614,613
b) Bank balance(s) pertaining to clients			53,254,616
Total bank balances			60,869,229
Cash in hand			5,517
			<b>109,602,688</b>
<b>31.2 Trade receivables</b>			
Aging of trade receivables:			
Total receivables			29,458,069
Outstanding for more than 14 days			(29,109,277)
			<b>348,792</b>
<b>31.3 Trade payables</b>			
Book value			61,570,307
Less: Overdue for more than 30 days			-38,968,995
			<b>22,601,312</b>
<b>31.4 Other payables</b>			
Accrued and other liabilities			11,636,387
Trade payables more than 30 days			38,968,995
			<b>50,605,382</b>

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## 32. COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment			
1.2	Intangible Assets	50,711,371	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	2,541,312	100.00%	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	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%	-
	<b>If unlisted than:</b>			
	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%	-
1.4	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cut-off date as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of carrying value.	33,685,750	100.00%	-
1.5	Investment in subsidiaries	-	100.00%	-
	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.6	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	3,165,274	100.00%	-
1.7	Margin deposits with exchange and clearing house.	48,727,942	-	48,727,942
1.8	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.9	Other deposits and prepayments	2,797,368	100.00%	-
1.10	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
1.11	100% in respect of mark-up accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.12	Dividends receivables.	-	-	-
1.13	Amounts receivable against Repo financing.	-	-	-
1.14	Amount paid as purchaser under the REPO agreement. <i>(Securities purchased under repo arrangement shall not be included in the investments.)</i>	-	-	-
1.15	Receivables other than trade receivables	41,284,090	100.00%	-
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	8,315,690	-	8,315,690
	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut.	-	-	-
	<b>i. Lower of net balance sheet value or value determined through adjustments.</b>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	<b>ii. Net amount after deducting haircut</b>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,	-	-	-
1.17	<b>iii. Net amount after deducting haircut</b>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	306,463	-	306,463
	<b>iv. Balance sheet value</b>			
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	35,925,719	7,334,355	7,334,355
	<b>v. Lower of net balance sheet value or value determined through adjustments</b>			
	<b>vi. 100% haircut in the case of amount receivable form related parties.</b>	-	100.00%	-
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	7,614,613	-	7,614,613
	ii. Bank balance-customer accounts	53,254,616	-	53,254,616
	iii. Cash in hand	5,517	-	5,517
1.19	<b>Total Assets</b>	<b>288,335,725</b>		<b>125,559,196</b>
<b>2. Liabilities</b>				
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	61,570,307	-	61,570,307
	<b>Current Liabilities</b>			

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	10,037,079	-	10,037,079
	iii. Short-term borrowings	-	-	-
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	1,599,308	-	1,599,308
	<b>Non-Current Liabilities</b>			
2.3	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	<b>Subordinated Loans</b>	-	-	-
	100% of Subordinated loans which fulfil the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	<b>Total Liabilities</b>	<b>73,206,694</b>		<b>73,206,694</b>
<b>3. Ranking Liabilities Relating to :</b>				
<b>Concentration in Margin Financing</b>				
3.1	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.	-	-	-
<b>Concentration in securities lending and borrowing</b>				
The amount by which the aggregate of:				
3.2	(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	-	-	-
<b>Net underwriting Commitments</b>				
<b>(a) in the case of right issues :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of:				
3.3	(i) the 50% of Haircut multiplied by the underwriting commitments and	-	-	-
	(ii) the value by which the underwriting commitments exceeds the market price of the securities.	-	-	-
In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting				
<b>(b) in any other case :</b> 12.5% of the net underwriting commitments				
3.4	<b>Negative equity of subsidiary</b>	-	-	-
	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	<b>Foreign exchange agreements and foreign currency positions</b>	-	-	-
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	<b>Amount Payable under REPO</b>	-	-	-
<b>Repo adjustment</b>				
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities.	-	-	-
	<b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	<b>Concentrated proprietary positions</b>	-	-	-
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
<b>Opening Positions in futures and options</b>				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	649,203	649,203
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	<b>Short sell positions</b>	-	-	-
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	-	<b>649,203</b>	<b>649,203</b>
		<u><b>215,129,031</b></u>	<b>Liquid Capital</b>	<u><b>51,703,299</b></u>

**Calculations Summary of Liquid Capital**

(i) Adjusted value of Assets (serial number 1.19)	125,559,196
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(73,206,694)
(iii) Less: Total ranking liabilities (series number 3.11)	(649,203)
	<u><b>51,703,299</b></u>

**Note:** Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

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**33. NUMBER OF EMPLOYEES**

The number of employees as at December 31, 2021 were 45 (December 31, 2020: 53) and average number of employees are 50 (December 31, 2020: 53).

**34. DATE OF AUTHORISATION**

23 FEB 2022

These financial statements were authorized for issue in the Board of Directors meeting held on \_\_\_\_\_.

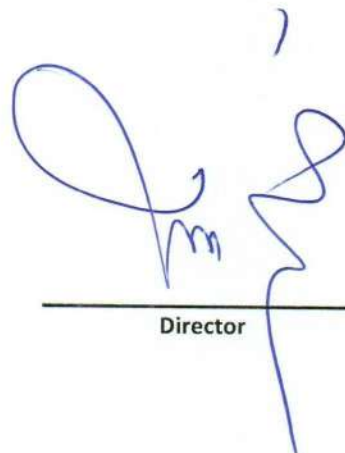
**35. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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Rahat Saeed

Chief Executive Officer



Director