

**FLOAT SECURITIES (PRIVATE) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Muniff Ziauddin & Co.**  
Chartered Accountants  
An independent member firm of BKR International



**Independent Auditor's Report to the members of  
Float Securities (Private) Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

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

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

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *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 of the information in the Director's 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 is 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.

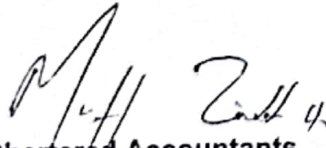
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 Sohail Saleem.

  
Chartered Accountants  
Karachi

Date: 04 OCT 2021

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

	Note	2021 ----- (Rupees) -----	2020
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized share capital</b>			
7,000,000 (2020: 7,000,000) ordinary shares of Rs. 10/- each		70,000,000	70,000,000
Issued, subscribed and paid-up capital	4	70,000,000	70,000,000
Accumulated profits / (loss)		20,365,079	(6,855,981)
		90,365,079	63,144,019
<b>Current liabilities</b>			
Trade and other payables	5	7,232,643	10,566,194
Contingencies and commitments	6	97,597,722	73,710,213
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	2,257,985	2,259,427
Intangible asset	8	2,500,000	2,500,000
Long term investments	9	8,439,750	8,439,750
Long term deposits	10	500,000	500,000
		13,697,735	13,699,177
<b>Current assets</b>			
Trade debts	11	387,737	341,905
Short term investments	12	72,922,882	45,666,681
Income tax refundable- net	13	2,426,617	2,423,396
Cash and bank balances	14	8,162,751	11,579,054
		83,899,987	60,011,036
		97,597,722	73,710,213

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



Chief Executive




Director

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

		2021	2020
	Note	----- (Rupees) -----	
Operating revenue	15	4,737,334	1,702,486
Capital gain \ (loss) on short term investments	16	8,429,482	(1,387,362)
		<u>13,166,816</u>	<u>315,124</u>
Unrealised gain \ (loss) on investment classified as 'fair value through profit or loss	17	17,358,285	(3,980,937)
Impairment of TRE Certificate		-	-
Administrative and operating expenses	18	(6,162,611)	(6,364,469)
<b>Operating income / (loss)</b>		<u>24,362,490</u>	<u>(10,030,282)</u>
Other income	19	3,390,059	3,303,797
		<u>27,752,548</u>	<u>(6,726,485)</u>
Finance cost	20	(23,327)	(17,414)
<b>Profit / (loss) before taxation</b>		<u>27,729,222</u>	<u>(6,743,899)</u>
Taxation	21	(508,161)	(493,534)
<b>Profit / (loss) after taxation</b>		<u><u>27,221,060</u></u>	<u><u>(7,237,433)</u></u>
Earnings / (loss) per share - basic and diluted	22	<u><u>3.89</u></u>	<u><u>(1.03)</u></u>

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

  
**Chief Executive**

  
**Director**

## NET CAPITAL BALANCE

June 30, 2021  
RupeesCurrent assets

## Cash and cash equivalent

Cash in hand

30,000

Margin deposit with exchanges

-

30,000

## Bank balances

Bank balance(s) pertaining to brokerage house

2,075,605

Bank balance(s) pertaining to clients

6,057,146

8,132,751

## Trade debts

Book value

387,737

Less: Over due for more than 14 days

-

387,737

Securities held for client

-

## Investment in listed securities in the name of broker

Marked to market

56,386,844

Less: 15% discount

(8,458,027)

47,928,817

56,479,305

Less: Current liabilities

## Trade payable

Book value

6,433,038

Less: Overdue for more than 30 days

(3,221,247)

3,211,791

Trade payables more than 30 days

3,221,247

Accrued expenses and other liabilities

799,604

7,232,643

Net Capital Balance

49,246,663

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		2021		
		2021	2021	2021
1.1	Property & Equipment	2,257,985	2,257,985	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities	-	-	-
	Investment in Debt Securities			
	If listed then:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted then:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	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.	56,386,844	8,458,027	47,928,817
	ii. If unlisted, 100% of carrying value.	8,439,750	8,439,750	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	16,536,038	16,536,038	-
1.6	Investment in subsidiaries	-	-	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	500,000	500,000	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	ii. Receivables other than trade receivables	-	-	-
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	Claims on account of entitlements against trading of securities in all markets including MtM gains	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 2 days overdue, 0% of the net balance sheet value.	387,737	-	387,737
	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 v. Lower of net balance sheet value or value determined through adjustments	-	-	-
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	2,075,605	-	2,075,605
	ii. Bank balance-customer accounts	6,057,146	-	6,057,146
	iii. Cash in hand	30,000	-	30,000
1.19	Total Assets	95,171,105	38,691,800	56,479,305



2021			
<b>2. Liabilities</b>			
2.1	<b>Trade Payables</b>		
	i. Payable to exchanges and clearing house	375,892	375,892
	ii. Payable against leveraged market products	-	-
2.2	<b>Current Liabilities</b>		
	i. Statutory and regulatory dues	6,057,146	6,057,146
	ii. Accruals and other payables	-	-
2.3	<b>Non-Current Liabilities</b>		
	i. Long-Term financing	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-
2.4	<b>Subordinated Loans</b>		
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange. d. Subordinated loans which do not fulfill the conditions specified by SECP.	-	-
	ii. Other liabilities as per accounting principles and included in the financial statements	-	-
<b>2.5 Total Liabilities</b>		<b>7,232,642</b>	<b>7,232,642</b>
<b>3. Banking Liabilities Relating to:</b>			
3.1	<b>Concentration in Margin Financing</b>		
	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-
	<b>Concentration in securities lending and borrowing</b>	-	-
3.2	<b>Net underwriting Commitments</b>		
	(a) in the case of right issue: if the market value of securities is less than or equal to the subscription price, 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	-	-
	(b) in any other case: 12.5% of the net underwriting commitments	-	-
3.3	<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.	-	-
	<b>Foreign exchange agreements and foreign currency positions</b>	-	-
3.4	<b>Repo adjustment</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.	-	-
	Amount Payable under Repo	-	-
3.5	<b>In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.</b>		
	<b>In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.</b>	-	-
		-	-

		2021		
		Rupees		
S. No.	Head of Asset	Value in Rupees	Net of Adjustments	Net Adjusted Value
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.	-	-	-
3.9	<b>Opening Positions in futures and options</b> i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts. ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met.	-	-	-
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. ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VaR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	87,938,463	38,691,800	49,246,663
3.12	<b>Liquid Capital</b>			

#### Calculations Summary of Liquid Capital

- (i) Adjusted value of Assets (serial number 1.19)  
(ii) Less: Adjusted value of liabilities (serial number 2.5)  
(iii) Less: Total ranking liabilities (series number 3.11)

56,479,305
(7,232,642)
-
49,246,663

#### 31 CAPITAL ADEQUACY LEVEL

30 June  
2021  
(Rupees)

#### Financial Statements:

Total Assets  
Less: Total Liabilities  
Less: Revaluation Reserves (created upon revaluation of fixed assets)

31.1

97,597,722  
(7,232,643)

#### Capital Adequacy Level

90,365,079

- 31.1 While determining the value of the total assets of the TREC Holder, the notional value of the TREC held by Float Securities (Private) Limited as at year ended 30 June 2021 as determined by Pakistan Stock Exchange has been considered.

#### 32 NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2021 were 4 (2020: 4) and average number of employees were 4 (2020: 4)

#### 33 IMPACT OF COVID - 19

In the light of on going COVID-19 pandemic, the company has reviewed its exposure to business risk and has not identified any risks that could materially impact the financial performance or position of the company. Consequently there was no significant impact of Covid -19 pandemic on the company's operations or recognition and measurement of assets and liabilities during the year ended June 30, 2021.

#### 34 DISCLOSURE UNDER RESEARCH ANALYST REGULATION, 2015

During the year the company has not employed any research analyst.

#### 35 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

There were no non-adjusting events after reporting period

#### 36 DATE OF AUTHORIZATION

04 OCT 2021

These financial statements were approved and authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

#### 37 GENERAL

37.1 Comparative information has been re-classified and re-arranged in these financial statements for better presentation.

37.2 The figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR