

Independent Auditor's Report to the members of CMA SECURITIES (PVT.) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Material Uncertainty relating to Going Concern

We draw attention to note 1.2 to the financial statements that describes that the company could not generate any revenue from its core business operations of Brokerage and Commission. The conditions set forth in note 1.2 to the financial statements, indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

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


CHARTERED ACCOUNTANTS

Lahore: 05 OCT 2021

CMA SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	1	195,843	165,289
Intangible assets	2	2,571,250	2,500,000
Long term investment	3	37,841,499	31,620,563
Long term deposits	4	605,000	605,000
Deferred tax asset	10	89	-
		41,213,681	34,890,852
CURRENT ASSETS			
Investment at fair value through profit or loss	5	24,666,581	20,959,119
Trade deposits, short term prepayments and current account balance with statutory authorities	6	580,812	274,197
Cash and bank balances	7	471,829	827,881
		25,719,222	22,061,197
		<u>66,932,903</u>	<u>56,952,049</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	35,000,000	35,000,000
Revenue reserve			
Un-appropriated profit		13,767,974	9,973,666
Capital reserve			
Fair value adjustment reserve		11,335,353	5,114,417
		60,103,327	50,088,083
Long term loan from director	9	5,000,000	5,000,000
		65,103,327	55,088,083
NON CURRENT LIABILITIES			
Deferred taxation	10	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	11	122,844	239,879
Trade and other payables	12	204,548	121,903
Loan from related party	13	1,502,184	1,502,184
Provision for taxation		-	-
		1,829,576	1,863,966
CONTINGENCIES AND COMMITMENTS			
	14	-	-
		<u>66,932,903</u>	<u>56,952,049</u>

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

CHIEF EXECUTIVE

[Signature]


[Signature]
DIRECTOR

**CMA SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
Dividend income		1,849,770	1,527,019
Direct expenses	15	<u>(15,561)</u>	<u>(2,375)</u>
		1,834,209	1,524,644
Operating expenses	16	<u>(1,434,453)</u>	<u>(1,162,777)</u>
Other operating expenses	17	<u>(80,395)</u>	<u>(90,289)</u>
Other income	18	<u>3,707,462</u>	<u>4,248,759</u>
Profit from operations		<u>2,192,614</u> <u>4,026,823</u>	<u>2,995,693</u> <u>4,520,337</u>
Finance cost	19	<u>(7,097)</u>	<u>(5,884)</u>
Profit before taxation		4,019,726	4,514,453
Taxation	20	<u>(225,418)</u>	<u>(281,012)</u>
Profit for the year		<u>3,794,308</u>	<u>4,233,441</u>
Earnings per share-basic and diluted	21	<u>10.84</u>	<u>12.10</u>

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

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CHIEF EXECUTIVE



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DIRECTOR

CMA SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit for the year	3,794,308	4,233,441
Items that will not be reclassified subsequently to profit or loss account	-	-
Items that may be reclassified subsequently to profit or loss account		
Gain/(loss) on available for sale investment	6,220,936	(9,316,231)
Other comprehensive income/(loss) for the year	6,220,936	(9,316,231)
Total comprehensive income/(loss) for the year	<u>10,015,244</u>	<u>(5,082,790)</u>

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

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CHIEF EXECUTIVE



[Signature]
DIRECTOR

SECURITIES (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Paid up capital	Un-appropriated profit	Fair value adjustment reserve	Subtotal	Long term loan	Total
	----- (R u p e e s) -----					
Balance as at June 30, 2019	35,000,000	5,740,225	14,430,648	55,170,873	5,000,000	60,170,873
Profit after taxation	-	4,233,441	-	4,233,441	-	4,233,441
Other comprehensive loss	-	-	(9,316,231)	(9,316,231)	-	(9,316,231)
Total comprehensive loss for the year	-	4,233,441	(9,316,231)	(5,082,790)	-	(5,082,790)
Balance as at June 30, 2020	35,000,000	9,973,666	5,114,417	50,088,083	5,000,000	55,088,083
Profit after taxation	-	3,794,308	-	3,794,308	-	3,794,308
Other comprehensive income	-	-	6,220,936	6,220,936	-	6,220,936
Total comprehensive income for the year	-	3,794,308	6,220,936	10,015,244	-	10,015,244
Balance as at June 30, 2021	35,000,000	13,767,974	11,335,353	60,103,327	5,000,000	65,103,327

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

CHIEF EXECUTIVE



DIRECTOR

CMA SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,019,726	4,514,453
Adjustments of items not involving movements of cash:			
Depreciation	1	18,446	18,365
Amortization	6.2	3,750	-
Unrealised (gain) on remeasurement of investment	18	(3,707,462)	(4,248,759)
		<u>(3,685,266)</u>	<u>(4,230,394)</u>
Operating cash Flows Before Working capital changes		334,460	284,059
(Increase)/ Decrease in Working Capital			
(Increase)/ decrease in current assets			
		-	-
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		(117,035)	121,456
Trade and other payables		82,644	90,289
		<u>(34,391)</u>	<u>211,745</u>
Cash Generated From Operations		300,069	495,804
Taxes paid		(532,122)	(281,012)
Net cash Flows From Operating Activities		(232,053)	214,792
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure during the year		(49,000)	-
Computer software purchased during the year		(75,000)	-
Net cash Flows From Investing Activities		(124,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from related party		-	300,000
Net cash flows from financing activities		-	300,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(356,053)	514,792
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		827,881	313,089
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>471,829</u>	<u>827,881</u>
A Cash and Cash Equivalents			
Cash and bank balances	7	471,829	827,881
		<u>471,829</u>	<u>827,881</u>

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

CHIEF EXECUTIVE



Amer Manoj
 DIRECTOR

NET CAPITAL BALANCE

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

	Rupees	Rupees
CURRENT ASSETS		
Margin Deposit with Clearing Houses		
National Clearing Company of Pakistan Limited		
Cash in hand and bank balances		
Bank balances		
Pertaining to Brokerage House	438,735	
Pertaining to Clients	32,595	
	471,330	
Cash in hand	499	471,829
Trade Receivables		
Receivable from National Clearing Company of Pakistan Limited	-	
Receivables from Clients	-	
Less: Outstanding for more than 14 days	-	
Investment in Listed Securities		
Securities appearing and owned by Brokerage House	24,666,581	
Less: 15% discount	3,699,987	20,966,594
Securities purchased for clients		
Receivable from clients after expiry of 14 days	-	-
		21,438,423
LESS: CURRENT LIABILITIES		
Trade and other payables		
Trade payables	31,614	
Less: Overdue more than 30 days	31,614	
Other Liabilities		
Trade payables overdue more than 30 days	31,614	
Accrued expenses	122,844	
Short term borrowings	1,502,184	
Other Liabilities	172,934	
	1,829,576	1,829,576
NET CAPITAL BALANCE		19,608,847

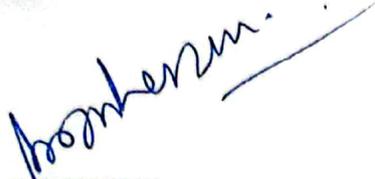
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DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 05 OCT 2021 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR

