

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

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

#### **Opinion**

We have audited the annexed financial statements of **FALKI CAPITAL (PRIVATE) LIMITED** ("the Company"), which comprise the statement of financial position as at June 30, 2022 and the related statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof for the year then ended, including a summary of significant accounting policies and other explanatory information. 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 account, 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, 2022 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

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

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

Management is responsible for the other information. The other information comprises the information included in the director's report 2022 but does not include the financial statements and our auditor's report thereon.

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.
- 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.



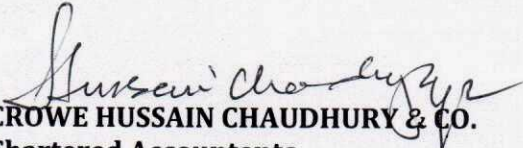
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### 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 account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof 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) by the company.

The engagement partner on the audit resulting in this independent auditor's report is Shahzad Qazi (FCA).

  
**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants

Date: 03 NOV 2022  
Islamabad  
UDIN: AR20221032867Hy3kEg5



**FALKI CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	2022 RUPEES	2021 RUPEES
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Share Capital	5	35,000,000	35,000,000
Issued and paid-up & Subscribed Capital		35,000,000	35,000,000
Unappropriated (Loss)		(2,032,342)	(2,741,237)
		32,967,658	32,258,763
Gain on demutualization	6	20,346,030	20,346,030
<b>NON - CURRENT LIABILITIES</b>			
Loan from directors	7	-	700,000
Security Payable		269,600	269,600
<b>CURRENT LIABILITIES</b>			
Accrued expenses	8	166,394	165,295
Trade creditors & other payable	9	316,150	1,436,271
		482,543	1,601,566
		54,065,832	55,175,958
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant & equipment	10	10,734,911	11,338,693
Intangible assets			
TREC	6.1	2,500,000	2,500,000
Software		525,000	525,000
		3,025,000	3,025,000
Long term security deposit		100,000	531,500
<b>CURRENT ASSETS</b>			
Investment-available for sale due to demutualization		30,346,030	30,346,030
Advances and Deposits	12	3,681,611	3,285,000
Marketable Securities	13	498,669	787,806
Short Term Loan	14	3,000,000	-
Income Tax Refundable	15	950,218	836,731
Cash and bank balance	16	1,729,393	5,025,199
		40,205,921	40,280,766
		54,065,832	55,175,958

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

*[Signature]*

CHIEF EXECUTIVE OFFICER



*[Signature]*  
DIRECTOR



**FALKI CAPITAL (PRIVATE) LIMITED  
STATEMENT OF PROFIT OR LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2022**

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>RUPEES</b>	<b>RUPEES</b>
Revenue	<b>17</b>	64,499	88,313
Operational expenses	<b>18</b>	<u>(4,472,863)</u>	<u>(4,439,658)</u>
Operating (loss)		(4,408,364)	(4,351,345)
(Loss)/gain on sale/remeasurement of investment classified as fair value through profit or loss	<b>19</b>	(8,228)	174,920
Other income	<b>20</b>	<u>6,345,162</u>	<u>5,138,533</u>
Profit before tax		1,928,571	962,108
Taxation	<b>21</b>	(1,219,675)	(1,015,133)
Profit/(loss) after tax		<u><u>708,896</u></u>	<u><u>(53,025)</u></u>

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



**CHIEF EXECUTIVE OFFICER**



  
**DIRECTOR**



**FALKI CAPITAL (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
Note	RUPEES	RUPEES
Profit/(loss) for the year	708,896	(53,025)
<i>Other comprehensive income</i>		
Items that may be subsequently reclassified in profit or loss	-	-
Items that will not be subsequently reclassified in to profit or loss	-	-
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the year	<u>708,896</u>	<u>(53,025)</u>

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



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**FALKI CAPITAL (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2022**

Particulars	Share capital	Accumulated Profit / (loss)	Total
	<b>(Rupees)</b>		
Balance as on July 01, 2020	35,000,000	(2,688,212)	32,311,788
(Loss) for the year	-	(53,025)	(53,025)
Other comprehensive income	-	-	-
Transactions with owners:	-	-	-
Balance as on June 30, 2021	35,000,000	(2,741,237)	32,258,763
Balance as on July 01, 2021	35,000,000	(2,741,237)	32,258,763
Profit for the year	-	708,896	708,896
Other comprehensive income	-	-	-
Transactions with owners:	-	-	-
Balance as on June 30, 2022	35,000,000	(2,032,342)	32,967,658

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



**CHIEF EXECUTIVE OFFICER**





**DIRECTOR**



**FALM CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Notes	2022 RUPEES	2021 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		1,928,571	962,108
Adjustments for non cash items			
Depreciation		603,782	639,939
Operating Profit before Working capital Changes		<u>2,532,352</u>	<u>1,602,047</u>
(Increase) / decrease in current assets			
Advances and Deposits		(396,611)	-
Trade Debtors		-	2,163
		(396,611)	2,163
Increase / (decrease) in current liabilities			
Accrued Expenses		1,099	(108,973)
Short term Loans		(3,000,000)	-
Trade Creditors & Other Payable		(1,120,121)	(81,730)
		(4,119,022)	(190,703)
Cash Generated from Operating activity		(1,983,281)	1,413,507
Income Tax paid		(1,333,162)	(838,807)
Net Cash Inflow / (Outflow) From Operating Activities		<u>(3,316,443)</u>	<u>574,700</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment		-	(15,565)
Long term security deposit		431,500	-
Marketable Securities		289,137	612,884
Net Cash Inflow / (Outflow) From Investing Activities		<u>720,637</u>	<u>597,319</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loan from Directors		(700,000)	-
Net Cash Inflow / (Outflow) From Financing Activities		<u>(700,000)</u>	<u>-</u>
Net cash inflow / (outflow) during the year		(3,295,806)	1,172,020
Cash and cash equivalent at the beginning of the year		5,025,199	3,853,179
Cash and cash equivalent at the end of the year		<u>1,729,393</u>	<u>5,025,199</u>

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



**CHIEF EXECUTIVE OFFICER**





**DIRECTOR**



## 1 Corporate and General Information

### 1.1 Legal status and operations

The company was incorporated in Pakistan on June 8th 2006 as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017).

The main business of the company is to assist, regulate or control the business of buying, selling securities, facilitating public securities and to initiate activities in relation to stock exchange and money market etc.

The geographical location and address of the Company's office is as under:

The registered office of the Company is situated at Flat 1, 1st floor plaza 61-d, Chaklala Scheme III, Commercial area Rawalpindi.

## 2 Basis of Preparation

### 2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

### 2.4 Key judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.




#### 2.4.1 Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

#### 2.4.2 Provisions

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

#### 2.4.3 Impairment

The carrying amount of the Company's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to profit and loss account.

#### 2.4.4 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### 3 NEW AND AMENDED STANDARDS AND INTERPRETATION

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning from the dates specified below:

Amendment to IFRS 3 'Business Combinations' (effective for annual reporting periods beginning on or after January 1, 2022). The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements.

Amendment to IAS 16 'Property, plant and equipment' (effective for annual reporting periods beginning on or after January 1, 2022). The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after Jan 1, 2022). The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

On May 14, 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018-2020' (Amendments to IAS 41, IFRS 1, IFRS 9, and IFRS 16). The amendments are effective for annual periods beginning on or after Jan 1, 2022.




Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation/ disclosures.

Further, the following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

##### **4.1 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially recorded at cost.

The cost of and item of property, plant and equipment shall be recognized as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of an item can be measure reliably

These are stated at cost less accumulated depreciation and accumulated impairment losses if any.

Depreciation is charged using the reducing balance method using rates specified in note .

Depreciation on additions is charged from the month in which the asset is put in use and on disposal up to the month the respective asset was in use.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gain and losses on disposal of fixed assets are included in the profit or loss account.

##### **4.2 Income tax**

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if

##### **4.3 Revenue recognition**

Revenue is recognized when services have been rendered.

Income on bank deposits and short term investments are recognised using the effective yield

##### **4.4 Financial assets and liabilities**

Financial assets and financial liabilities are recognized when the Company becomes a party to contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value and / or amortized cost respectively, whichever is applicable. The Company derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.





#### **4.5 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.6 Basic and Diluted earnings per share**

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

#### **4.7 Provisions**

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

#### **4.8 Related party transactions**

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

#### **4.9 Leases**

##### **Right of use of Assets**

The Company assesses whether a contract is or contains a lease at inception of the contract. If the Company assesses contract contains a lease and meets requirements of IFRS 16, the Company recognises a right-of use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### **Lease liabilities**

If applicable, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

##### **Lease payments in the measurement of the lease liability comprise the following:**

*fixed payments, including in-substance fixed payments*

*variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;*

*amounts expected to be payable under a residual value guarantee; and*

*A. Zahid*  
  
*A. Zahid*



**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

*the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in profit or loss when incurred.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

**Short-term leases and leases of low-value assets**

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**4.10 Financial instruments**

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A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial asset**

A financial instrument is any contract that gives rise to a financial asset of one entity and another entity.

**Classification**

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost and fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

**Initial recognition and measurement**

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price.

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**Subsequent measurement**

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the profit or loss account.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the other comprehensive income.

**Derecognition**

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss account.

**Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

**Subsequent measurement**

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance costs in the statement of profit or loss account. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss account when the liabilities are derecognized.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

5 Share Capital	2022 RUPEES	2021 RUPEES
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Authorized share capital comprises of 3,500,000 (2020: 3,500,000) Ordinary shares of Rs. 10 each.

**Issued, subscribed and paid up capital**

2022 Numbers	2021 Numbers	Ordinary shares	2022 RUPEES	2021 RUPEES
3,500,000	3,500,000		35,000,000	35,000,000
		Ordinary shares of Rs. 10 each paid in cash	<u>35,000,000</u>	<u>35,000,000</u>

**6 SURPLUS / GAIN ON REVALUATION OF SHARES /TREC ON DEMUTUALIZATION AND CORPORATIZATION OF STOCK EXCHANGE**

Pursuant to the promulgation of the stock Exchange (Corporation, Demutualization and integration) Act, 2012 (The Act) the ownership in a stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the company has received equity shares of ISE and trading Right Entitlement (TRECs) in lieu of it membership card of ISE. The company's entitlement in respect of ISE's shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and company has been allotted 3,034,603 shares of the face value of Rs 10/- each, out of which 1,820,761 shares are kept in the blocked account and the divorcement of the same will be made in accordance with the requirement of the Act within two years from the date of demutualization.

In the absence of an active market of the shares of ISE and TREC, the company has taken the cost of the shares ( at issued price of Rs 10 each ) and TREC at 4.00 million which is the value approved by the Board of Directors of ISE and endorsed by the SECP. Consequently the company has recorded surplus of RS:21.846 million on conversion of membership card of ISE to shares and TREC in The equity as effect of Corporatization Demutualization Act, and this surplus on revaluation is approved by SECP.

	2022 RUPEES	2021 RUPEES
Shares	30,346,030	30,346,030
Office premises	16,400,000	16,400,000
TREC	6.1 2,500,000	2,500,000
Software	40,000	40,000
	<u>49,286,030</u>	<u>49,286,030</u>
Other intangible assets	<u>(28,940,000)</u>	<u>(28,940,000)</u>
	<u>20,346,030</u>	<u>20,346,030</u>

- 6.1 Pakistan Stock Exchange has issued notice dated September 15, 2017 regarding the rationalizing of notional value of TRE certificate for the purpose of base minimum Capital to take the value of TREC are Rs. 2.5m.

**7 Loan from directors**

This represents unsecured and interest free loan from director. Loan was repaid during the year ended June 30, 2022.

*[Signature]*



*[Signature]*



**FALMI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>8 Accrued Expenses</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Audit Fee	140,000	140,000
Utilities & Other	26,394	25,295
	<u>166,394</u>	<u>165,295</u>

<b>9 Trade Creditors &amp; Other Payable</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Payable to Clients	-	1,414,519
Sale Tax /FED Tax/Misc.	9,713	20,632
Advance Rent	305,013	-
Payable to NCCPL/PSX/KSE	1,424	1,120
	<u>316,150</u>	<u>1,436,271</u>

**11 Contingencies & Commitments**

There were no Contingencies & Commitments as at June 30, 2022 (2021 : Nil)

<b>12 Advances and Deposits</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Ready Market Exposure Deposit	-	2,850,000
Future Market Exposure Deposit	-	435,000
Eclear Services Ltd	3,681,611	-
	<u>3,681,611</u>	<u>3,285,000</u>

<b>13 Marketable Securities</b>	<b>Position</b>	<b>Value</b>	<b>Var</b>	<b>Net Value</b>
		<b>RUPEES</b>		<b>RUPEES</b>
The Hub Power Company Ltd	1000	68,170	15%	57,945
Oil & Gas Development Company Limited	700	55,069	15%	46,809
Pakistan Oilfields Limited	600	243,486	15%	206,963
Systems Limited	400	131,944	15%	112,152
		<u>498,669</u>		<u>423,869</u>

**13.1 Concentrated proprietary positions**

For 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>Marketable Securities</b>	<b>Position</b>	<b>Value</b>	<b>Additional Var</b>	<b>CPP</b>
Pakistan Oilfields Limited	600	243,486	5%	12,174
Systems Limited	400	131,944	5%	6,597

<b>14 Short Term Loan</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Short term Loan to director	1,500,000	-
Short term Loan others	1,500,000	-
	<u>3,000,000</u>	<u>-</u>

*[Handwritten Signature]*



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**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

PARTICULARS	C O S T			D E P R E C I A T I O N			W.D.V AS ON 30-06-2022
	AS ON July 01, 2021	ADDITION	AS ON June 30, 2022	RATE %	AS ON July 01, 2021	FOR THE YEAR	
-----RUPEES-----							
<b>10 PROPERTY PLANT &amp; EQUIPMENT</b>							
Vehicles	41,000	-	41,000	20	37,830	634	38,464
Office Equipments	1,210,256	-	1,210,256	10	672,849	53,741	726,589
Furniture & Fixtures	539,095	-	539,095	10	349,071	19,002	368,073
Office Premises	16,400,000	-	16,400,000	5	5,791,907	530,405	6,322,312
<b>2022</b>	<b>18,190,351</b>	<b>-</b>	<b>18,190,351</b>		<b>6,851,657</b>	<b>603,782</b>	<b>7,455,439</b>
Vehicles	41,000	-	41,000	20	37,038	792	37,830
Office Equipments	1,194,691	15,565	1,210,256	10	613,137	59,712	672,849
Furniture & Fixtures	539,095	-	539,095	10	327,957	21,114	349,071
Office Premises	16,400,000	-	16,400,000	5	5,233,587	558,321	5,791,907
<b>2021</b>	<b>18,174,786</b>	<b>15,565</b>	<b>18,190,351</b>		<b>6,211,719</b>	<b>639,939</b>	<b>6,851,657</b>



*A. Balwani*



**MARKET CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>15 INCOME TAX REFUNDABLE</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Opening	836,731	1,013,057
Add: Deducted During the year	1,156,837	838,807
	<u>1,993,568</u>	<u>1,851,864</u>
Less: Provision for the year		
Current	(1,219,675)	(1,015,133)
Prior	176,325	-
	<u>950,218</u>	<u>836,731</u>

<b>15.1 DEDUCTED DURING THE YEAR</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Rental Income	645,907	587,190
Dividend Income	285,401	173,302
Advance Tax Paid Quarterly	194,842	74,443
Advance Withholding Tax on Utilities and Purchases	6,061	3,872
Advance Withholding Tax Profit on Debt	24,626	-
	<u>1,156,837</u>	<u>838,807</u>

<b>16 CASH AND BANK BALANCE</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Cash in Hand	229,309	183,702
Cash at Bank	16.1 <u>1,500,084</u>	<u>4,841,497</u>
	<u>1,729,393</u>	<u>5,025,199</u>

<b>16.1 Cash at Bank</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Clients Account	-	1,750,280
House Account	1,500,084	3,091,218
	<u>1,500,084</u>	<u>4,841,497</u>

<b>16.2 Assets in CDC</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
	<b>2022</b>	
Customer Assets	Back Office	CDC
	-	-
	<b>2021</b>	
Customer Assets	Back Office	CDC
	70,300	70,300
		Reconcile
		-

<b>16.3 Assets Pledged with Financial Institutions</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Own Assets	Nil	Nil
Customer Assets	Nil	Nil

  
*Izbalw*      *A. K.*



**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>17 Revenue</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Retail including Directors/Falki Capital	64,499	88,313
	<u>64,499</u>	<u>88,313</u>
<b>18 OPERATING EXPENSES</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Salaries & Wages	2,907,000	2,409,500
Membership fee / PSX & Others	65,025	70,500
Bank Charges	2,439	1,500
Telephone, Postage & Internet charges	185,352	222,303
Property Repair & Maintenance	24,442	75,234
Property Management Expense	244,000	-
Trading Expenses	91,852	238,469
Auditors' Remuneration	209,960	160,000
Printing & Stationary	-	13,000
Misc. Expenses	39,078	48,872
Depreciation	603,780	639,939
Rent Expenses	31,500	-
Legal & Presumptive	35,765	-
Regulatory Penalty	-	260,025
R & D	-	300,000
Provision for doubtful debts	-	316
Property Tax	32,670	-
	<u>4,472,863</u>	<u>4,439,658</u>
<b>18.1 Auditors' Remuneration</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>Audit services</b>		
Annual audit fee	140,000	140,000
	<u>140,000</u>	<u>140,000</u>
<b>19 (LOSS) ON SALE/REMEASUREMENT OF INVESTMENT CLASSIFIED AS FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Opening Stock	787,806	1,400,690
(Sale)/Purchase of share	(280,909)	(787,804)
	<u>506,897</u>	<u>612,886</u>
Less: Closing Stock	498,669	787,806
	<u>(8,228)</u>	<u>174,920</u>
<b>20 OTHER INCOME</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Income from Dividends	1,902,662	1,118,789
Other Income	164,173	130,360
Rental Income	4,278,327	3,889,384
	<u>6,345,162</u>	<u>5,138,533</u>

*J. Balw*  *A. K. Singh*



**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>21 TAXATION</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Current year	1,219,675	1,015,133
Previous year adjustment	-	-
	<u>1,219,675</u>	<u>1,015,133</u>

**21.1** Taxation is not applicable due to gross loss as per under section 113 of income tax ordinance 2001.

<b>22 CAPITAL ADEQUACY LEVEL</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Total Assets	54,065,832	55,175,958
Less: Total Liabilities	(752,143)	(2,571,166)
Less: Revaluation Reserves (Created upon Revaluation of Fixed Assets)	-	-
<b>Capital Adequacy Level</b>	<u>53,313,689</u>	<u>52,604,793</u>

**22.1** While determining the value of Total Assets of **M/S FALKI CAPITAL (PRIVATE) LIMITED**, Notional value of the TRE Certificate held by such Participation as at year ended June 30, 2022 as determine by Pakistan Stock Exchange has been considered.

<b>23 BASIC EARNING/ (LOSS) PER SHARE</b>		<b>2022</b>	<b>2021</b>
		<b>RUPEES</b>	<b>RUPEES</b>
<b>23.1</b> Profit / (Loss) After Taxation	(Rs)	708,896	(53,025)
Number of Ordinary Shares Issued	(No's)	35,000,000	35,000,000
Earning Per Share		<u>0.020</u>	<u>(0.002)</u>

**23.2** There is no dilutive effect on the basic earning per share

<b>24 PATTERN OF EQUITY</b>	<b>2022</b>	<b>2021</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Fateh Khan Malik	34,990,000	34,990,000
Noor Jehan Malik	10,000	10,000
	<u>35,000,000</u>	<u>35,000,000</u>

<b>25 PROVIDEND FUND</b>
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No Provident fund was maintained by Company.

<b>26 NET CAPITAL BALANCE</b>
-------------------------------

Following additional disclosure not else where disclosed in these financial statements are being provided to comply with the requirement of National clearing Company of Pakistan (NCCPL) subsequently approved by Securities and Exchange Commission of Pakistan (SECP) vide letter no. SMD/SE/220/2016.



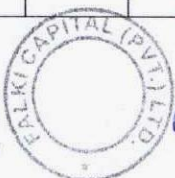


**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>A-Description of Current Assets</b>	<b>Valuation basis</b>	<b>Amount</b>
1. Cash in hand or in bank	As per book value	1,729,393
2. Trade Receivables	Book Value less those overdue for more than fourteen days	-
3. Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	423,869
4. Securities purchased for customers	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days	-
5. Listed TFCs/ Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to Market less 10% discount	-
6. FIBs	Marked to Market less 5% discount	-
7. Treasury Bill	At market value	-
8. Any other current asset specified by the Commission	As per the valuation basis determined by the Commission	3,681,611
<b>Total Assets</b>		<b>5,834,873</b>
<b>B-Description of Current liabilities</b>	<b>Valuation basis</b>	<b>Amount</b>
1. Trade payables	Book Value less those overdue for more than 30 days	-
2. Other liabilities	As classified under the generally accepted accounting principles	482,543
<b>Total Liabilities</b>		<b>482,543</b>
<b>Net Capital Balance</b>		<b>5,352,330</b>

**27 LIQUID CAPITAL**

<b>S. No.</b>	<b>Head of Account</b>	<b>Notes</b>	<b>Value in Pak Rupees</b>	<b>Hair Cut / Adjustments</b>	<b>Net Adjusted Value</b>
<b>1. Assets</b>					
1.1	Property & Equipment		10,734,911	100%	-
1.2	Intangible Assets		3,025,000	100%	-
1.3	Investment in Govt. Securities (150,000*99)		-		-
1.4	<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%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	8%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		-	10%	-
	<b>If unlisted than:</b>				
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		-	10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	13%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		-	15%	-

*Abdul Q. Khan*  




**FALCON CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

1.5	<b>Investment in Equity Securities</b>			
	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.	498,669	74,800	423,869
	ii. If unlisted, 100% of carrying value.	30,346,030	100%	-
1.6	Investment in subsidiaries	-	100%	-
1.7	<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%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	100,000	100%	-
1.9	Margin deposits with exchange and clearing house.	3,681,611	-	3,681,611
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	3,950,218	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. ( <b>Securities purchased under repo arrangement shall not be included in the investments.</b> )	-	-	-
1.15	Receivables other than trade receivables	-	100%	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b>			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	100%	-
1.17	<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 financee (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. <b>ii. Net amount after deducting haircut</b>	-	5%	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract. <b>iii. Net amount after deducting haircut</b>	-	-	-



**FAKRI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <b>iv. Balance sheet value</b>		-	-	-
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.		-	-	-
	<b>vi. 100% haircut in the case of amount receivable form related parties.</b>		-	100%	-
1.18	<b>Cash and Bank balances</b>				
	i. Bank Balance-proprietary accounts		1,500,084	-	1,500,084
	ii. Bank balance-customer accounts		-	-	-
	iii. Cash in hand		229,309	-	229,309
1.19	<b>Total Assets</b>		<b>54,065,832</b>		<b>5,834,873</b>

<b>2. Liabilities</b>					
	<b>Trade Payables</b>				
2.1	i. Payable to exchanges and clearing house		1,424	-	1,424
	ii. Payable against leveraged market products		-	-	-
	iii. Payable to customers		-	-	-
	<b>Current Liabilities</b>				
	i. Statutory and regulatory dues			-	-
	ii. Accruals and other payables		481,119	-	481,119
	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		-	-	-
	<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		269,600	-	269,600
2.4	<b>Subordinated Loans</b>		-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted		-	-	-
2.5	<b>Total Liabilites</b>		<b>752,143</b>		<b>752,143</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 finacees exceed 10% of the aggregate of amounts receivable from total finacees.		-	-	-





**FALTI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Concentration in securites lending and borrowing</b>			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
	<b>Net underwriting Commitments</b>			
3.3	<b>(a) in the case of right issue :</b> if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights 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			
	<b>Negative equity of subsidiary</b>			
3.4	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>			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
	<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 securites. <b>In the case of finacee/seller</b> the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
	<b>Concentrated proprietary positions</b>			
3.8	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		18,772	18,772
	<b>Opening Positions in futures and options</b>			
3.9	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts			
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			

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**FALM CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Short sell positions</b>						
3.10	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.			-	-	-
<b>3.1</b>	<b>Total Ranking Liabilities</b>			-	<b>18,772</b>	<b>18,772</b>
				<b>53,313,689</b>		<b>5,063,958</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)

**28 FINANCIAL INSTRUMENTS**

	Amortized cost		Fair value through profit or loss		Total	
	2022	2021	2022	2021	2022	2021
..... (Rupees) .....						
<b>Financial assets</b>						
Investment-available for sale due to demutualization	30,346,030	30,346,030	-	-	30,346,030	30,346,030
Advances and Deposits	3,681,611	3,285,000	-	-	3,681,611	3,285,000
Marketable Securities	-	-	498,669	787,806	498,669	787,806
Short Term Loan	3,000,000	-	-	-	3,000,000	-
Cash and Bank Balances	1,729,393	5,025,199	-	-	1,729,393	5,025,199
	<u>38,757,034</u>	<u>38,656,229</u>	<u>498,669</u>	<u>787,806</u>	<u>39,255,703</u>	<u>39,444,035</u>
<b>Financial liabilities</b>						
Trade creditors & other payable	316,150	1,436,271	-	-	316,150	1,436,271
Loan from directors	-	700,000	-	-	-	700,000
Accrued expenses	166,394	165,295	-	-	166,394	165,295
	<u>482,543</u>	<u>2,301,566</u>	<u>-</u>	<u>-</u>	<u>482,543</u>	<u>2,301,566</u>

**29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**29.1 Risk management policies**

The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing to meet their objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.





NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**29.1.1 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

**Exposure to credit risk**

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2022	2021
	RUPEES	RUPEES
Investment-available for sale due to demutualization	30,346,030	30,346,030
Long term security deposit	100,000	531,500
Marketable Securities	498,669	787,806
Short Term Loan	3,000,000	-
Cash and bank balance	1,729,393	5,025,199
	<u>35,674,092</u>	<u>36,690,535</u>

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

**Concentration of credit risk**

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

**Impaired assets**

During the year no assets have been impaired.

**29.1.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
<b>2022</b>							
Gain on demutualization	20,346,030	20,346,030	20,346,030	-	-	-	-
Trade creditors & other payable	316,150	316,150	316,150	-	-	-	-
Accrued expenses	166,394	166,394	166,394	-	-	-	-
	<u>20,828,573</u>	<u>20,828,573</u>	<u>20,828,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
<b>2021</b>							
Gain on demutualization	20,346,030	20,346,030	20,346,030	-	-	-	-
Trade creditors & other payable	1,436,271	1,436,271	1,436,271	-	-	-	-
Accrued expenses	165,295	165,295	165,295	-	-	-	-
	<u>21,947,596</u>	<u>21,947,596</u>	<u>21,947,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Balraj*  
BALRAJ CAPITAL (PRIVATE) LIMITED



**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**28.1.3 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial

**a) Currency risk**

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from borrowings and investments.

**30 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transactions.

**31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

Total Amount of Rs. 1,200,000/- has been paid to CEO at the rate of Rs. 100,000 per month

**32 NUMBERS OF EMPLOYEES**

	2022 Numbers	2021 Numbers
Average number of employees during the year	6	5
Number of employees as at June 30,	6	6

**32.2 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties comprise of director and key management personnel. Transactions carried out with related parties during the year are as follows:

Name of the related party	Relationship	Transactions during the year and year end balances	2022 RUPEES	2021 RUPEES
Fateh Khan Malik	Director	Loan disbursed	1,500,000	-
Faysal Fateh Malik	Key management personnel	Loan disbursed	1,500,000	-

**33 COVID-19 PANDEMIC**

The management has taken appropriate steps to keep human resources and assets safe and secure. The management considers that the pandemic does not have any material adverse impact on financial position, the results of operations and cash flows for the year ended June 30, 2021. Management will continue to monitor the potential impacts and will take all steps possible to mitigate any effects. The management has evaluated and concluded that there are no material implication of COVID 19 that require specific disclosures in these financial statements.

**34 DATE OF AUTHORIZATION FOR ISSUE**

These Financial statement were authorized for issue of on \_\_\_\_\_ by the Board of Director of the Company.

03 NOV 2022

**35 GENERAL**

Figures have been rounded off to Nearest Rupee.

  
**CHIEF EXECUTIVE OFFICER**



  
**DIRECTOR**