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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SPINZER EQUITIES (PRIVATE) LIMITED**

Opinion

We have audited the annexed financial statements of **SPINZER EQUITIES (PRIVATE) LIMITED** (the Company) which comprises the statement of financial position as at June 30, 2022, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and 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 purpose of the audit.

In our opinion and to the best of our information and according to 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, 2022 and of the loss, other comprehensive loss, changes in equity and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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:

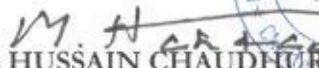
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with books of account and returns;
- c) investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Companies business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Futures Act, 2016, and the relevant requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.


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

Place: Islamabad

Dated: 29 DEC 2022

UDIN:AR202210592X2cG1iVw8


CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)



SPINZER EQUITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2022

		2022	2021
	Note	----- (Pak Rupee) -----	Restated
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	4,377,111	3,070,826
Right of use asset	6	34,427,178	37,605,071
Investment property	7	17,213,588	18,802,535
Intangible asset	8	2,500,000	2,500,000
Long term investments	10	52,984,174	50,890,297
Long term deposits	11	2,640,000	2,701,420
		<u>114,142,051</u>	<u>115,570,150</u>
CURRENT ASSETS			
Trade and other receivable - net	12	21,135,889	15,202,550
Advances, deposits and prepayments	13	4,009	1,719,997
Short term investments	14	14,999,059	13,979,999
Income tax refundable		-	1,818,870
Cash and bank balances	15	13,184,388	30,005,584
		<u>49,323,345</u>	<u>62,727,001</u>
		<u><u>163,465,396</u></u>	<u><u>178,297,151</u></u>
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		100,000,000	100,000,000
Issued, subscribed and paid-up capital	16	<u>94,968,380</u>	<u>94,968,380</u>
Revenue reserve			
Unappropriated profit		<u>28,395,580</u>	<u>30,784,605</u>
Capital reserve			
Fair value reserve	17	<u>17,714,348</u>	<u>16,075,889</u>
		<u><u>141,078,308</u></u>	<u><u>141,828,874</u></u>
NON-CURRENT LIABILITIES			
Deferred tax liability - net	19	<u>5,975,141</u>	<u>4,493,833</u>
CURRENT LIABILITIES			
Trade and other payables	20	<u>16,390,306</u>	<u>31,974,443</u>
Provision for taxation		<u>21,641</u>	-
		<u>16,411,947</u>	<u>31,974,443</u>
CONTINGENCIES AND COMMITMENTS			
	21	<u><u>163,465,396</u></u>	<u><u>178,297,151</u></u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer



Director

SPINZER EQUITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ------(Pak Rupee)-----	2021 Restated
Revenue	22	18,290,371	27,545,023
Operating and administrative expenses	23	(21,231,688)	(15,884,957)
Operating profit		<u>(2,941,317)</u>	<u>11,660,067</u>
Other income	24	2,257,841	637,560
Profit before taxation		<u>(683,476)</u>	<u>12,297,627</u>
Taxation	25	(1,705,549)	372,483
(Loss) / profit for the year		<u><u>(2,389,025)</u></u>	<u><u>12,670,110</u></u>
Earnings per share - basic	26	<u><u>(0.25)</u></u>	<u><u>1.69</u></u>

The annexed notes 1 to 37 form an integral part of these financial statements.

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 Chief Executive Officer



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 Director

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

	2022	2021 Restated
	----- (Pak Rupee) -----	
(Loss) / profit for the year	(2,389,025)	12,670,110
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Fair value gain on equity instruments at FVTOCI	2,093,877	18,071,062
Deferred tax	(455,418)	(3,930,456)
Total comprehensive income for the year	<u>(750,566)</u>	<u>26,810,716</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

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Chief Executive Officer



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Director

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

	Share Capital	Revenue reserve		Capital reserve		Total
		Issued, subscribed and paid-up capital	Unappropriated profit	Fair value reserve of financial assets at FVOCI		
		----- (Pak Rupee) -----				
		----- Restated -----				
Balance as at July 01, 2020	35,382,880	18,114,495	1,935,283			55,432,658
Total comprehensive income for the year						
Issuance of shares	59,585,500	-	-	-	-	59,585,500
Profit for the year	-	12,670,110	-	-	-	12,670,110
Other comprehensive income	-	-	18,071,062	-	-	18,071,062
Deferred tax	-	-	(3,930,456)	-	-	(3,930,456)
Balance as at June 30, 2021	94,968,380	30,784,605	16,075,889	14,140,606	-	141,828,874
Total comprehensive income for the year						
Loss for the year	-	(2,389,025)	-	-	-	(2,389,025)
Other comprehensive income/(loss)	-	-	2,093,877	-	-	2,093,877
Deferred tax	-	-	(455,418)	-	-	(455,418)
Balance as at June 30, 2022	94,968,380	28,395,580	17,714,348	1,638,459	-	141,078,308

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Director



SPINZER EQUITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
		Restated	
	Note	------(Pak Rupee)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		(683,476)	12,297,627
Adjustments:			
Depreciation	5	726,078	695,108
Depreciation on ROU asset	6	3,177,893	2,118,596
Depreciation on investment property	7	1,588,947	1,059,298
Dividend income		(3,280,212)	(1,877,812)
		2,212,706	1,995,190
		<u>1,529,230</u>	<u>14,292,817</u>
Profit before working capital changes			
Trade and other receivable		(5,933,339)	(11,187,438)
Advances, deposits and prepayments		1,715,988	10,613
Trade and other payables		(15,584,137)	18,045,772
Cash generated from/(used in) operations		<u>(19,801,488)</u>	<u>6,868,947</u>
Proceeds from acquisition of short-term investments		(1,019,060)	(4,487,002)
Dividend received		3,280,212	1,877,812
Taxes paid		1,160,852	(758,692)
		<u>3,422,004</u>	<u>(3,367,881)</u>
Net cash (used in) / generated from operating activities		<u>(14,850,254)</u>	<u>17,793,883</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(2,032,362)	(662,258)
Long term deposits		61,420	(2,196,420)
Net cash used in investing activities		<u>(1,970,942)</u>	<u>(2,858,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (decrease)/increase in cash and cash equivalents		<u>(16,821,196)</u>	<u>14,935,205</u>
Cash and cash equivalents at the beginning of the year		30,005,584	15,070,380
Cash and cash equivalents at the end of the year	15	<u>13,184,388</u>	<u>30,005,584</u>

The annexed notes 1 to 37 form an integral part of these financial statements.


Chief Executive Officer




Director

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Spinzer Equities (Private) Limited (the "Company") is a private limited company incorporated in Pakistan on January 01, 2004 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited.

The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

Business Unit

Geographical location

Head Office

Office #1113, 11th floor, ISE Towers, Jinnah Avenue, Islamabad

Branch Office

1st Floor, Chakdara trade Centre, University Road, Chakdara, Dir (Lower), KPK

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017,
- Provisions of or directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations").

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provision of and directives issued under the Companies Act, 2017 shall prevail.

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 & Presentation Currency

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

2.4 Use of Judgment and Estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and amortization method of intangible assets – Note 3.3 & 6;
- Provision for expected credit losses – Note 3.5;
- Estimation of provisions - Note 3.11;
- Classification, recognition, measurement / valuation of financial instruments Note: 3.4 and
- provision for taxation - Note 3.7.

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except as described otherwise.

3.1 Property and equipment

Initial Recognition

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is direct attributable to the acquisition of the items.

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 4 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from the date when the asset is available for use until the asset is disposed off.

Disposal

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

Judgments and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Change in estimate

The Company reviews useful lives of property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss. Further, management also on a year basis reviews the carrying amounts of certain classes of property and equipment which are carried at revalued amounts. Any change in estimate in future years which might affect the carrying amount of these classes with a corresponding effect on the surplus on revaluation of property and equipment, related deferred tax liability and related charge of incremental depreciation.

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3.2 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less accumulated depreciation and impairment. Depreciation is charged to income, applying the straight line method to write off the cost of the investment property over its estimated useful life, at the rate specified in note 5.2. A full month's depreciation is charged in the month of addition, while no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to the income and expenditure statement as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that the respective future economic benefits will flow to the Company.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in income and expenditure statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.3 Intangible Asset - Acquired

TREC Certificate

These are stated at cost less impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items. Trading Right Entitlement Certificate has indefinite useful life and accordingly not amortized however it is tested for impairment only. Impairment loss is recognized in profit and loss account.

Judgments and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.4 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to

Financial Assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- (i) Amortized cost, where the effective interest rate method will apply;
- (ii) Fair value through profit or loss (FVTPL);
- (iii) Fair value through other comprehensive income (FVTOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Further, assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other operating gains/ (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other operating gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as separate line item in the profit or loss.

Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other operating gains/(losses) in the period in which it arises. The company carries its short term investments at FVTPL.

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other operating income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Company recognizes life time ECL for trade debts and other receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

The Company recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- (i) at fair value through profit or loss; and
- (ii) other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

- (i) Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.
- (ii) After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

3.5 Trade receivable

Measurement

Trade receivable are recognized initially at original invoice amount being the fair value and subsequently measured at cost less allowance for ECL.

Allowance for ECL

The company records the allowance for ECL in accordance with the simplified approach of IFRS 9. The amount of the allowance is recognized in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

3.6 Advances, deposits and prepayments

Advances, deposits and prepayments are initially recognised and carried at cost.

3.7 Tax refundable due from Government

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

The company has paid the taxes in advance more than its actual liability. It is refundable/adjustable in future.

3.8 Taxation

Income tax expense comprises current and deferred tax.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management yearly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

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

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.9 Cash and cash equivalents

These are measured at cost which is the fair value. For the purposes of cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, balances with banks on current and savings accounts and short term investment and running

**SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

finance.

3.10 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the

Trade and other payables - amortized cost

Trade and other payables are recognized initially at cost plus directly attributable costs, if any, which is the fair value and subsequently carried at amortized cost financial liability until the payment is due.

3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount could be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Judgment and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingent liabilities

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

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3.12 Revenue recognition

Revenue is recognized when the performance obligations are met to the extent that will result in a probable inflow of economic benefits to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

Brokerage Commission

Brokerage, consultation and advisory fee and commission on securities and commodities is recognized as and when related services are rendered.

Income on bank deposits

Mark-up / interest on bank deposits and return on investments is recognized on accrual basis.

Profit on exposure deposits

Profit on exposure deposits is recognized using the effective interest rate.

Dividend income

Dividend income is recognized in profit or loss as other income when:

- the Company's right to receive payment have been established;
- it is probable that the economic benefits associated with the dividend will flow to the company; and
- the amount of the dividend can be measured reliably.

Others

Gain / loss on sale of investment is recognized in the year in which they arise.

3.13 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

3.14 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

3.15 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

3.16 Earnings per share

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

3.17 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

SPINZER EQUITIES (PRIVATE) LIMITED
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3.18 New and amended standards and interpretations

3.18.1 Standards, Amendments and interpretations to existing standards that are not yet effective and have not been early adopted by company are as follows:

Descriptions	Effective date
IAS-1 Presentation of Financial statements (Amendments)	Jan -01-2023
Accounting policies, changes in accounting estimates and errors	
IAS-8 (Amendments)	Jan -01-2023
IAS-12 Income taxes (Amendments)	Jan -01-2023
IFRS-4 Insurance contracts (Amendments)	Jan -01-2023
IAS-16 Property, plant and Equipment's (Amendments)	Jan -01-2022
IAS-37 Provisions, contingent liabilities and assets (Amendments)	Jan -01-2022
IAS-41 Agriculture (Amendments)	Jan -01-2022
IFRS-3 Business combinations (Amendment)	Jan -01-2022
IFRS-9 Financial instruments (Amendments)	Jan -01-2022
IFRS-16 Leases (Amendments)	Jan -01-2022

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

Further, the following standards and interpretations have been issued by the international accounting standard board (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 standard
IFRS-17	Insurance contracts

The following interpretations issued by the IASB has been waived off by SECP:

IFRIC-12 Service concession arrangements
 SRO 24(I)/2012 issued by SECP dated January 16, 2012 grants waiver with immediate effect grants waiver from IFRIC-12 requirements to all companies.

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4 EFFECT OF RESTATEMENT

Effect of errors has been applied retrospectively in accordance with the requirements of IAS 8, "Accounting policies, change in accounting estimates and errors". The following table summarize the impact on the Company's financial statements.

Ordinary shares of Rs. 10 each amounting to Rs. 59,585,500 were issued during the year ended 2021 against lease hold office which was not accounted for and disclosed as required by IFRS 16 "Leases". Effect of such restatement has been summarized below:

	Amounts previously reported	Effect of Restatement	Amount as Restated
	June 30, 2021		
	----- (Pak Rupee) -----		
Statement of financial position			
Right of use asset	-	37,605,071	37,605,071
Investment property	-	18,802,535	18,802,535
Issued, subscribed and paid-up capital	35,382,880	59,585,500	94,968,380
Statement of profit or loss			
Depreciation on ROU asset	-	2,118,596	2,118,596
Depreciation on Investment property	-	1,059,298	1,059,298

SPINZER EQUITIES (PRIVATE) LIMITED
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 FOR THE YEAR ENDED JUNE 30, 2022

5 PROPERTY AND EQUIPMENT

	Owned				Total
	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	
	------(Pak Rupee)-----				
Cost					
Balance as at July 01, 2020	375,500	388,675	176,500	5,209,184	6,149,859
Additions	403,438	146,400	112,420	-	662,258
Balance as at June 30, 2021	778,938	535,075	288,920	5,209,184	6,812,117
Balance as at July 01, 2021	778,938	535,075	288,920	5,209,184	6,812,117
Additions	-	-	-	2,032,362	2,032,362
Balance as at June 30, 2022	778,938	535,075	288,920	7,241,546	8,844,479
Depreciation					
Balance as at July 01, 2020	142,097	276,051	85,952	2,542,082	3,046,182
For the year	63,684	77,707	20,297	533,420	695,108
Balance as at June 30, 2021	205,781	353,758	106,249	3,075,502	3,741,290
Balance as at July 01, 2021	205,781	353,758	106,249	3,075,502	3,741,290
For the year	57,316	54,395	18,267	596,100	726,078
Balance as at June 30, 2022	263,097	408,153	124,516	3,671,602	4,467,368
Carrying amount as at June 30, 2022	515,841	126,922	164,404	3,569,944	4,377,111
Carrying amount as at June 30, 2021	573,156	181,317	182,671	2,133,682	3,070,826
Rate of Depreciation	10%	30%	10%	20%	

5.1 Depreciation has been allocated to administrative expenses.

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

6 RIGHT OF USE ASSET		2022	2021 Restated
	Note	----- (Pak Rupee) -----	
Opening balance		37,605,071	-
Additions during the year	6.1	-	39,723,667
Depreciation	6.2	(3,177,893)	(2,118,596)
		<u>34,427,178</u>	<u>37,605,071</u>
6.1	Right of use asset acquired at fair value against issue of ordinary shares of Rs 10 each.		
6.2	The rate of depreciation applicable is 8% per annum on straight line basis.		
7 INVESTMENT PROPERTY			
Opening balance		18,802,535	-
Additions during the year	7.1	-	19,861,833
Depreciation	7.2	(1,588,947)	(1,059,298)
		<u>17,213,588</u>	<u>18,802,535</u>
7.1	Investment property is rented out and is stated at historical cost.		
7.2	The rate of depreciation applicable is 8% per annum on straight line basis.		
8 INTANGIBLE ASSET			
Trading Right Entitlement Certificate ("TREC")	8.1	<u>2,500,000</u>	<u>2,500,000</u>
8.1	These are carried at notional value. Notional values of these Trading Right Entitlement Certificates is Rs. 2.5 million (2021: Rs.2.5 million), as published by the PSX.		
8.2	The Company has pledged/hypothecated Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (PSX) at a notional value of Rs.2.5 million to meet Base Minimum Capital (BMC) requirement.		
9 FINANCIAL ASSETS OTHER THAN CASH AND BANK			
<i>Equity instruments designated at FVTOCI</i>	10	52,984,174	50,890,297
<i>Financial Assets designated at FV/TPL</i>	14	14,999,059	13,979,999
<i>Debt instruments at amortised cost</i>			
- Long term deposits	11	2,640,000	2,701,420
- Trade and Other receivable - net	12	21,135,889	15,202,550
- Deposits, prepayments and other receivables	13	4,009	1,719,997
		<u>23,779,898</u>	<u>19,623,967</u>
		<u>91,763,131</u>	<u>84,494,262</u>
10 LONG TERM INVESTMENT AT FVTOCI			
Opening Balance	10.1	50,890,297	32,819,235
Adjustment for remeasurement to fair value	10.2	2,093,877	18,071,062
		<u>52,984,174</u>	<u>50,890,297</u>
10.1	This include 60% (1,820,762 shares) which are held in a separate Central Depository Company Limited ("CDC") sub-account marked as blocked.		
10.2	This represents investment in the shares of ISE REIT Management Company Limited. The shares are non-listed and there is no evidence of existence of an active market or transactions amongst the participants at an arms length basis. As an alternative approach, the break-up value of shares (calculated as per TR-22 issued by ICAP) of ISE REIT Management Company Limited as per their latest audited financial statements has been taken with adjustment for unobservable inputs related to percentage of assets of REIT stated at fair value and risk factors related to marketability of shares.		

SPINZER EQUITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Pak Rupee) -----	2021
11 LONG TERM DEPOSITS			
Central Depository Company Limited	11.1	100,000	161,420
National Clearing Company of Pakistan Limited	11.2	2,340,000	2,340,000
Pakistan Stock Exchange Limited	11.3	200,000	200,000
		<u>2,640,000</u>	<u>2,701,420</u>

- 11.1 This represents security deposit held with Central Depository Company.
 11.2 This represents security deposit held with National Clearing Company of Pakistan Limited. Rs. 1 Million for trading of futures, Rs. 205,000 for regular trading and Rs. 1,335,000 for margin trading.
 11.3 This represents deposit held with Pakistan Stock Exchange Limited.

	Note	2022 ----- (Pak Rupee) -----	2021
12 TRADE AND OTHER RECEIVABLE - NET			
Clients	12.1	22,183,296	13,197,984
Related parties	12.2	-	-
		<u>22,183,296</u>	<u>13,197,984</u>
Add: Other receivable	12.3	1,545,476	4,330,921
		<u>23,728,772</u>	<u>17,528,905</u>
Less: Allowance for expected losses Customer	12.4	(2,592,883)	(2,326,355)
		<u>21,135,889</u>	<u>15,202,550</u>

12.1 Aging of Trade receivable

	2022		2021	
	Clients	Total	Clients	Total
	----- Pak Rupee -----		----- Pak Rupee -----	
Less than 5 days	675,984	675,984	4,590,453	4,590,453
Less than 14 days	1,488,579	1,488,579	951,068	951,068
Past due less than 365 days	16,201,292	16,201,292	9,661,029	9,661,029
Past due over 365 days	5,362,916	5,362,916	2,326,355	2,326,355
Gross trade receivable	<u>23,728,771</u>	<u>23,728,771</u>	<u>17,528,905</u>	<u>17,528,905</u>
Impairment provision	(2,592,883)	(2,592,883)	(2,326,355)	(2,326,355)
Net trade receivable	<u>21,135,888</u>	<u>21,135,888</u>	<u>15,202,550</u>	<u>15,202,550</u>

- 12.2 The maximum balance outstanding at any time during the year was Rs. 114,881.
 12.3 This represents amount receivable against trading of securities in all markets which is due for settlement.

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12.4 Allowance for expected credit losses		Note	2022	2021
			----- (Pak Rupee) -----	
	Balance as at July 1		2,326,355	961,230
	Charged for the year		266,528	1,365,125
			<u>2,592,883</u>	<u>2,326,355</u>
13 ADVANCES, DEPOSITS AND PREPAYMENTS				
Short-term and advances				
	- Advances to employees		-	13,883
	- Other advances		4,009	-
Short-term deposits				
	Rent and other prepayments		-	1,706,114
			<u>4,009</u>	<u>1,719,997</u>
14 SHORT TERM INVESTMENT AT FVTPL				
	Listed equity Securities	14.1	14,999,059	13,979,999
			<u>14,999,059</u>	<u>13,979,999</u>
14.1	Fair values of these equity shares are determined by reference to published price quotations in an active market.			
14.2	Shares with fair value of PKR 8,218,084 (2021: PKR. 5,472,890) have been pledged with NCCPL against margin deposit requirements.			
15 CASH AND BANK BALANCES				
	Cash in hand		41,609	42,485
	Cash at bank - Local currency			
	Current accounts	15.1	13,142,779	29,963,099
			<u>13,184,388</u>	<u>30,005,584</u>
15.1	Cash at bank includes customers' balance of PKR 13,087,384 (2021: PKR 29,750,514) held in designated bank accounts.			
16 SHARE CAPITAL				
16.1 Authorized capital		Note	2022	2021
10,000,000 (2021: 10,000,000) ordinary shares of PKR 10 each			----- (Pak Rupee) -----	
			<u>100,000,000</u>	<u>100,000,000</u>
16.2 Issued, subscribed and paid-up share capital				
	2022	2021	2022	2021
		Restated		Restated
	(Number)		----- (Pak Rupee) -----	
	-	5,958,550	-	59,585,500
	<u>9,496,838</u>	<u>9,496,838</u>	<u>94,968,380</u>	<u>94,968,380</u>
			Total balance	

Ordinary shares of Rs.10 each, issued for consideration other than cash (against fair value of the lease hold building)

SPINZER EQUITIES (PRIVATE) LIMITED
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16.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2022	2021 Restated	2022	2021 Restated
Mr. Liaquat Ali Khan	1,592,235	1,592,235	17%	17%
Mr. Jibran Ali Khan	3,793,079	3,793,079	40%	40%
Mr. Safwan Ali Khan	3,474,634	3,474,634	37%	37%

16.4 All shares carry equal rights to vote, dividends and right & bonus issue.

17 CAPITAL RESERVE

	Note	2022 ----- (Pak Rupee) -----	2021
Opening balance		16,075,889	1,935,283
OCI reserves for the year		2,093,877	18,071,062
Deferred tax		(455,418)	(3,930,456)
Fair value reserve		<u>17,714,348</u>	<u>16,075,889</u>

17.1 The fair value reserve comprises the cumulative net change in the fair value of financial assets designated at fair value through OCI.

18 FINANCIAL LIABILITIES

Current

Financial liabilities at amortised cost

Trade payable	20	<u>16,390,306</u>	<u>31,974,443</u>
		<u>16,390,306</u>	<u>31,974,443</u>

19 DEFERRED TAX LIABILITY

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability		6,727,077	5,168,476
Deferred tax asset		<u>(751,936)</u>	<u>(674,643)</u>
		<u>5,975,141</u>	<u>4,493,833</u>
		2022	2021

Note ----- (Pak Rupee) -----

19.1 Elements of deferred tax

Property, Plant and Equipment		1,803,281	5,168,476
Other comprehensive income - Reserve		4,923,796	-
Allowance for ECL		<u>(751,936)</u>	<u>(674,643)</u>
		<u>5,975,141</u>	<u>4,493,833</u>

20 TRADE AND OTHER PAYABLES

Trade creditors	20.1	14,088,848	30,902,891
Advance from employees		15,178	-
Income tax employees		32,616	-
Other taxes payable		1,335,201	-
Accrued and Other payables		<u>918,463</u>	<u>1,071,552</u>
		<u>16,390,306</u>	<u>31,974,443</u>

20.1 Trade payables include balances amounting to Nil (2021: Rs. 454,362) due to related parties.

21 CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments of the Company as at June 30, 2022 (2021: Nil).

SPINZER EQUITIES (PRIVATE) LIMITED
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		2022	2021
		Restated	
		----- (Pak Rupee) -----	
22 REVENUE			
Commission Income Equity Trading		15,010,159	25,667,211
		15,010,159	25,667,211
Dividend income from equity instruments at FVTOCI		3,280,212	1,472,200
Dividend income from equity instruments at FVTPL		-	405,612
		3,280,212	1,877,812
		<u>18,290,371</u>	<u>27,545,023</u>
23 OPERATING AND ADMINISTRATIVE EXPENSES			
Staff salaries, allowances and other benefits		4,895,242	5,652,675
Director's remuneration		2,298,884	850,151
Room rent		-	1,626,240
Communication expense		168,727	144,221
Entertainment		160,078	81,777
Printing and stationery		59,561	79,124
CDC trading charges		163,185	222,014
NCCPL trading charges		553,656	710,418
PSX trading charges		647,919	99,727
Allowance for expected credit losses		266,528	1,365,125
Travelling and conveyance		155,339	18,140
Legal and professional charges		1,303,750	165,000
Taxes, rates and cess		2,060,080	-
Fee and Subscription		110,278	294,300
Website charges		38,000	27,400
EOBI Expense		124,250	40,341
Software charges		106,081	66,920
Repair and maintenance		222,624	48,900
Auditor Remuneration		385,000	75,000
Utilities	23.1	893,235	345,704
Bank and other charges		21,968	26,242
Service charges		1,002,025	-
Misc. Expenses		102,361	72,536
Depreciation	5	726,078	695,108
Depreciation on ROU asset	6	3,177,893	2,118,596
Depreciation on investment property	7	1,588,947	1,059,298
		<u>21,231,688</u>	<u>15,884,957</u>

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	Note	2022 ----- (Pak Rupee) -----	2021 Restated
23.1 Auditor's remuneration			
Audit Services			
Annual Audit fee		100,000	45,000
Non-audit services			
Certifications for regulatory purposes		285,000	30,000
		<u>385,000</u>	<u>75,000</u>
24 OTHER INCOME			
Income from Financial Assets			
Fair value gain on equity instruments at FVTPL		977,676	-
Income from Non-Financial Assets			
Miscellaneous income		487,615	637,560
Rental income		792,550	-
		<u>1,280,165</u>	<u>637,560</u>
Total other income		<u>2,257,841</u>	<u>637,560</u>
25 INCOME TAX EXPENSE			
Current tax		679,659	211,003
Deferred tax		1,025,890	(583,486)
		<u>1,705,549</u>	<u>(372,483)</u>

25.1 Reconciliation between tax expense and accounting profit has not been made due to application of minimum tax.

26 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit after taxation, attributable to ordinary shareholders	(2,389,025)	12,670,110
Weighted average number of ordinary shares in issue during the year	9,496,838	7,510,655
Earnings per share	<u>(0.25)</u>	<u>1.69</u>

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration to the chief executive, directors and executives of the Company as per the terms of their employment are set out in the table below:

	2022		2021	
	CEO	Director	CEO	Director
	----- Pak Rupee -----		----- Pak Rupee -----	
Short term employee benefits				
Managerial Remuneration	1,499,944	798,940	850,151	-
Commission paid	-	-	-	-
	<u>1,499,944</u>	<u>798,940</u>	<u>850,151</u>	<u>-</u>
No. of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
No. of Executive employees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

SPINZER EQUITIES (PRIVATE) LIMITED
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28 FINANCIAL RISK MANAGEMENT

28.1 Risk management framework

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

28.2 (a) Market risk

(i) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company do not have any financial instruments in foreign currencies and accordingly is not exposed to such risk.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant long-term interest-bearing assets. Financial instruments at variable rates expose the Company to cash flow interest rate risk. At the reporting date, there were no variable rate interest-bearing financial instruments.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The maximum exposure to price risk at the reporting date was as follows:

The Company's investment in listed shares amounting to Rupees 14.99 million (2021: Rupees 13.98 million) is exposed to price risk due to change in fair value.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade Receivable

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The aging analysis of trade receivable as at reporting has been shown in respective note.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 30 June, 2022, the Company had Rs. 13,142,779 (2021: Rs.29,963,099) bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

SPINZER EQUITIES (PRIVATE) LIMITED
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	Carrying amount	Contractual cash flows	Less than one year	More than one year
----- (Pak Rupee) -----				
Contractual maturities of financial liabilities as at June 30, 2022:				
Financial liabilities :				
2022				
Trade and other payables	16,390,306	16,390,306	16,390,306	-
	<u>16,390,306</u>	<u>16,390,306</u>	<u>16,390,306</u>	<u>-</u>
2021				
Financial liabilities :				
Trade and other payables	31,974,443	31,974,443	31,974,443	-
	<u>31,974,443</u>	<u>31,974,443</u>	<u>31,974,443</u>	<u>-</u>

29 FAIR VALUE ESTIMATE

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

29.1 Fair value of financial instruments

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
----- (Pak Rupee) -----				
Financial Assets				
Non-listed equity investments	52,984,174	52,984,174	50,890,298	50,890,298
Advance to employees	-	-	13,883	13,883
Listed equity investments	14,999,059	14,999,059	13,979,999	13,979,999
Total	<u>67,983,233</u>	<u>67,983,233</u>	<u>64,884,180</u>	<u>64,884,180</u>

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, short term finances and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

Non-listed equity investments

The fair values of the non-listed equity investments have been estimated using the break-up value of shares (calculated as per TR-22 issued by ICAP) of ISE REIT Management Company Limited as per their latest audited financial statements has been taken with adjustment for unobservable inputs related to percentage of assets of REIT stated at fair value and risk factors related to marketability of shares.

Listed equity investments

There is an active market for the Company's listed equity investments and quoted debt instruments.

SPINZER EQUITIES (PRIVATE) LIMITED
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29.2 Measurement hierarchy of financial instruments

The following table shows the fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. The company does not have a financial liability measured at fair value.

	level 1	level 2	level 3	Total
----- (Pak Rupee) -----				
As at June 30, 2022				
Financial Assets				
Non-listed equity investments	-	-	52,984,174	52,984,174
Listed equity investments	14,999,059	-	-	14,999,059
	<u>14,999,059</u>	<u>-</u>	<u>52,984,174</u>	<u>67,983,233</u>
As at June 30, 2021				
Financial Assets				
Non-listed equity investments	-	-	50,890,297	50,890,297
Listed equity investments	13,979,999	-	-	13,979,999
	<u>13,979,999</u>	<u>-</u>	<u>50,890,297</u>	<u>64,870,296</u>

29.3 Sensitivity Analysis

The table below summarizes Company's equity price risk as of June 30, 2022 and 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in market price of non-listed equity securities as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair Value	Hypothetical Change	Estimated fair value after hypothetical change	Hypothetical change in shareholder equity	Hypothetical change in Profit / (Loss) after tax
June 30, 2022					
Non-listed equity Securities	52,984,174	10% increase	58,282,591	5,298,417	-
		10% decrease	47,685,757	(5,298,417)	-
June 30, 2021					
Non-listed equity Securities	50,890,297	10% increase	55,979,327	5,089,030	-
		10% decrease	45,801,267	(5,089,030)	-

29.4 Reconciliation of level 3 fair values

The following table shows reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI:

	2022	2021
----- (Pak Rupee) -----		
Balance as at July 01, 2021	50,890,297	32,819,235
Remeasurement recognised in OCI	2,093,877	18,071,062
Balance as at June 30, 2022	<u>52,984,174</u>	<u>50,890,297</u>

29.5 Transfers between hierarchy levels

There were no transfers amongst the levels during the year.

SPINZER EQUITIES (PRIVATE) LIMITED
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30 CAPITAL MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The total long term borrowings to equity ratio as at year end are as follows:

	2022	2021
	----- (Pak Rupee) -----	
Debt		
Equity	141,078,308	141,828,874
	<u>141,078,308</u>	<u>141,828,874</u>
Debt/equity ratio	<u>0%</u>	<u>0%</u>

31 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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

The Capital adequacy level as required by CDC is calculated as follows;

	2022	2021
	----- (Pak Rupee) -----	
Total assets	163,465,396	178,297,151
Less: Total liabilities	(22,365,447)	(36,468,277)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		
Capital adequacy level	<u>141,099,949</u>	<u>141,828,874</u>

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

32 BASE MINIMUM CAPITAL

In compliance with the Regulation 19.2 of the Rule Book, of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, as at June 30, 2022, the Company is required to maintain BMC of Rs. 8 million. The company has pledged TRE certificate and of shares of ISE REIT to meet this requirement.

The notional value of the TREC and break-up value of the shares for the purpose of BMC is determined by the PSX as under:

	Note	2022 Pak Rupee
Trading Right Entitlement Certificates	8	2,500,000
ISE Real Estate Investment Trust shares		31,790,505
		<u>34,290,505</u>

**SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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33 NET CAPITAL BALANCE STATEMENT

Description	Note	2022 (Pak Rupee)
Current Assets		
Cash and Bank Balances	15	13,184,388
Trade receivables	33.2	2,164,563
Investment in Listed Securities	33.3	12,749,200
Securities Purchased for Customers		8,204,030
Deposits regulators	12.0	1,545,476
Total Current Assets		37,847,657
Current Liabilities		
Trade payables	33.4	4,166,346
Other liabilities	33.5	12,223,960
Total Current Liabilities		16,390,306
Net Capital Balance as at June 30, 2022		<u>21,457,351</u>

33.1 STATEMENT OF COMPLIANCE

This Net Capital Balance Statement is prepared in accordance with the requirements of the Regulation 6 and the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Rule 2(d) of the Securities and Exchange Commission Rules, 1971 and SECP guidelines.

The accounting principles and methods of computation used in the preparation of this Statement of Net Capital Balance are the prevailing accounting policies of the company.

The valuation of current assets and current liabilities for the purposes of net capital balance has been determined on the basis of the following:

Description	Valuation Basis
Cash in hand or in bank	As per Book value
Cash margin with NCCPL	As per Book value
Trade Receivables	Book value less those overdue for more than 14 days
Investment in the listed securities	Securities on the exposure list marked to market less 15% discount
Securities Purchased for Clients	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days
Trade Payables	Book value less overdue for more than 30 days
Other liabilities	As classified under generally accepted accounting principles

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33.2 Trade Receivable

These are stated at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

	Note	2022 (Pak Rupee)
Book Value	12	23,728,772
Less: overdue for more than 14 days		(21,564,208)
		<u>2,164,564</u>

33.3 Short term investment

Investment in Listed Securities	14	14,999,059
Less 15% Discount		(2,249,859)
		<u>12,749,200</u>

As per the guidelines issued by the SECP, only available for sale and shares pledged with KSE or NCCPL, has been taken in calculation of Net Capital Balance. Investment in unlisted Securities and shares in freeze status has not been taken in the calculation of net capital balance.

33.4 Trade payable

This Represent balance payable against trading of shares less trade payables overdue for more than 30 days which has been included in other liabilities.

	Note	2021 (Pak Rupee)
Customers	20	14,088,848
Over due more than 30 days		(9,922,502)
		<u>4,166,346</u>

33.5 Other liabilities

This Represent current liabilities and trade payable which are overdue for more than 30 days. Other liabilities are stated as book value.

Trade payables overdue for more than 30 days		9,922,502
Accrued and Other payable	20	2,301,458
		<u>12,223,960</u>

SPINZER EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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34 Liquid Capital Balance

Sr. No.	Head of Account	Value in	Hair Cut /	Net Adjusted
		Pak Rupees	Adjustments	Value
----- (Pak Rupee) -----				
I. Assets				
1.1	Property & Equipment	4,377,111	4,377,111	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities:			
	Difference between book value and sale value on the date on the basis of PKRV published by NIFT	-	-	-
	- <i>Sale value on the date on the basis of PKRV published by NIFT</i>			
1.4	Investment in Debt. Securities:			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure up to 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 than:			
	i. 10% of the balance sheet value in the case of tenure up to 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.	-	-	-
1.5	Investment in Equity Securities:			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	14,999,059	2,249,859	12,749,200
	ii. If unlisted, 100% of carrying value.	52,984,174	52,984,174	-
1.6	Investment in subsidiaries:			
	- 100% of net value	-	-	-
1.7	Investment in associated companies/undertaking:			
	i. If listed 15% 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	1,505,000	1,505,000	-
	- 100% of net value			
1.9	Margin deposits with exchange and clearing house - Nil Haircut	1,135,000	-	1,135,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB - nil	-	-	-
1.11	Other deposits and prepayments	4,009	4,009	-
	- 100% haircut of carrying value			
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: - Nil	-	-	-
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	Advances and Receivables other than trade receivables:			
	i. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months	-	-	-
	ii. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation	-	-	-
	iii. In all other cases. - 100% of net value	-	-	-

SPINZER EQUITIES (PRIVATE) LIMITED
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1.16	Receivables from clearing house or securities exchange(s):			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	1,545,476	-	1,545,476
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of			
	a. value of securities held in the blocked account after applying VAR based haircut,			
	b. cash deposited as collateral by the Finneece and			
	c. market value of any securities deposited as collateral after applying VAR based haircut.			
	- 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.			
	(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			
	- Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	675,984		675,984
	- Balance sheet value			
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of			
	a. the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts,			
	b. cash deposited as collateral by the respective customer and			
	c. the market value of securities held as collateral after applying VAR based haircuts.			
	- Lower of net balance sheet value or value determined through adjustments.			
	vi. 100% haircut in the case of amount receivable from related parties.			
		21,507,312	9,544,266	11,963,046
1.18	Cash and Bank balances:			
	i. Bank Balance-proprietary accounts	55,395	-	55,395
	ii. Bank balance-customer accounts	13,087,384	-	13,087,384
	iii. Cash in hand	41,609	-	41,609
1.19	Subscription money against investment in IPO/offer for sale (asset):			
	No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	- Net amount after deducting haircuts			
1.20	Total Assets	114,417,513	73,164,419	41,253,094
2.	Liabilities			
2.1	Trade Payables:			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	14,088,848	-	14,088,848
2.2	Current Liabilities:			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	2,301,458	-	2,301,458
	iii. Short-term borrowings			
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements			

SPINZER EQUITIES (PRIVATE) LIMITED
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2.3	Non-Current Liabilities:			
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. other liabilities as per accounting principles and included in the financial statements	-	-	-
	- 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases.	-	-	-
	- Nil in all other cases.	-	-	-
2.4	Subordinated Loans:			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted. In this regard, following conditions are specified:			
	a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period			
	b. No haircut will be allowed against short term portion which is repayable within next 12 months.			
	c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
2.5	Advance against shares for Increase in Capital of Securities broker:			
	100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	Total Liabilities	16,390,306	-	16,390,306
5. Ranking Liabilities Relating to:				
3.1	Concentration in Margin Financing:			
	The amount calculated client-to-client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.	-	-	-
3.2	Concentration in securities lending and borrowing:			
	The amount by which the aggregate of:			
	(i) Amount deposited by the borrower with NCCPL.			
	(ii) Cash margins paid and			
	(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
	- Amount as determined through adjustment			
3.3	Net underwriting Commitments:			
	(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) 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 commitment.			
	(b) in any other case : 12.5% of the net underwriting commitments			
	- Amount as determined through adjustment			
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
	- Amount as determined through adjustment			

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3.5	Foreign exchange agreements and foreign currency positions: 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency - Amount as determined through adjustment	-	-	-
3.6	Amount Payable under REPO: - Carrying Value	-	-	-
3.7	Repo adjustment: In the case of financier/purchaser, the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of finance/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. - Amount as determined through adjustment	-	-	-
3.8	Concentrated proprietary positions: - If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security - If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security - Amount as determined through adjustment	-	-	-
3.9	Opening Positions in futures and options: 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	Short sell positions: 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	Total Ranking Liabilities	-	-	-
Total Liquid Capital As At June 30, 2022 (1.20-2.5-3.11)		98,027,207	73,164,419	24,862,788

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	41,253,094
(ii) Less: Adjusted value of liabilities (serial number 2.6)	16,390,306
(iii) Less: Total ranking liabilities (serial number 3.11)	-
	<u>24,862,788</u>

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35 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties include directors, major shareholders, key management personnel, senior executives and entities over which the directors are able to exercise influence. Transaction with related parties are on arm's length basis (except for where stated else wise). Details of transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Nature of relationship	Transactions during the year	2022	2021
			----- Pak Rupee -----	
Jibran Ali Khan	Director	Rent paid	-	1,626,240
Mr. Jibran Ali Khan	Director	Issue of share capital	-	29,792,750
Mr. Safwan Ali Khan	Director	Issue of share capital	-	29,792,750

35.1 Remuneration paid to Chief Executive Officer and Directors are disclosed in note 27 of the financial statements.

36 GENERAL


36.1 The figures have been rounded off to the nearest Rupees.

	2022	2021
36.2 Number of persons employed	8	12
Average number employees during the year	8	10

37 DATE OF AUTHORIZATION

These financial statements have been authorized by the Board of Directors of the Company on

29 DEC 2022



 Chief Executive Officer





 Director