

TOPLINE SECURITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

TOPLINE SECURITIES LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TOPLINE SECURITIES LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **Topline Securities Limited** (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the directors' report 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism 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.

my



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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Azeem H. Siddiqui - FCA**

47

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Karachi

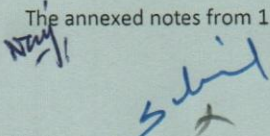
Dated : October 5, 2022

UDIN : AR202210232u7SvHO5Uk

TOPLINE SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		-----Rupees-----	
ASSETS			
Non-current assets			
Property and equipment	5	157,516,484	19,722,135
Intangible assets	6	5,200,000	5,200,000
Long term deposits	8	2,621,116	3,670,045
Long term investment	9	90,099,507	-
		<u>255,437,107</u>	<u>28,592,180</u>
Current assets			
Trade debts - considered good-net	10	333,743,173	467,160,438
Loans and advances	11	659,142	344,583
Trade deposits and prepayments	12	19,749,192	389,910,175
Other receivables	13	10,447,149	2,527,751
Short term investments	14	464,493,800	175,759,344
Cash and bank balances	15	343,420,017	253,914,069
		<u>1,172,512,474</u>	<u>1,289,616,360</u>
Total Assets		<u><u>1,427,949,581</u></u>	<u><u>1,318,208,540</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
150,000,000 (2021: 150,000,000 at Rs. 2 each) ordinary shares of Rs. 2 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up capital	16	150,000,000	150,000,000
Unappropriated profit		970,789,614	848,743,439
		<u>1,120,789,614</u>	<u>998,743,439</u>
Total equity			
		<u>1,120,789,614</u>	<u>998,743,439</u>
LIABILITIES			
Non Current Liabilities			
Deferred taxation	7	358,253	170,371
Current liabilities			
Trade and other payables	17	208,287,792	308,596,451
Taxation - net		1,648,824	10,640,956
Short term borrowings	18	94,992,163	-
Mark-up accrued		1,872,935	57,324
		<u>306,801,714</u>	<u>319,294,731</u>
Total Equities and Liabilities		<u><u>1,427,949,581</u></u>	<u><u>1,318,208,540</u></u>
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 40 form an integral part of these financial statements.

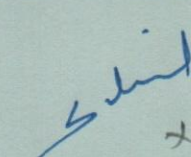

CHIEF EXECUTIVE


DIRECTOR

TOPLINE SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		-----Rupees-----	
Operating revenue	20	406,630,513	399,969,743
Capital gain on sale of investments - net	21	12,537,819	37,853,409
Gain on remeasurement of investments-at fair value through profit or loss		206,502	-
		<u>419,374,834</u>	<u>437,823,152</u>
Administrative expenses	22	(239,379,337)	(227,290,789)
Operating profit		<u>179,995,497</u>	<u>210,532,363</u>
Finance cost	23	(8,605,466)	(6,298,344)
		<u>171,390,031</u>	<u>204,234,019</u>
Other income	24	65,139,775	37,483,522
Profit before taxation		<u>236,529,806</u>	<u>241,717,541</u>
Taxation	25	(64,233,631)	(62,085,310)
Profit for the year		<u><u>172,296,174</u></u>	<u><u>179,632,231</u></u>
Earnings per share - basic and diluted	26	<u><u>2.30</u></u>	<u><u>2.40</u></u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


CHIEF EXECUTIVE

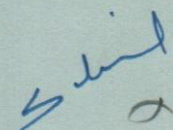

DIRECTOR

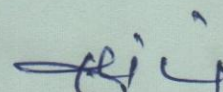
TOPLINE SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees) -----	
Profit for the year	172,296,174	179,632,231
Other Comprehensive income for the year		
<i>Items that will not be subsequently reclassified to statement of profit or loss</i>		
Total comprehensive income for the year	<u>172,296,174</u>	<u>179,632,231</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

May 1


Chief Executive

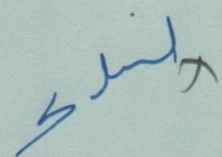

Director

TOPLINE SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Issued, Subscribed and paid up capital	Revenue reserve Unappropriated Profit	Total
	-----Rupees-----		
Balance as at July 1, 2020	150,000,000	719,361,209	869,361,209
Total comprehensive income for the year			
<i>Profit for the year</i>	-	179,632,231	179,632,231
<i>Other Comprehensive income</i>	-	-	-
<i>Total comprehensive income for the year ended june 30, 2021</i>	-	179,632,231	179,632,231
Transaction with owners			
Dividend paid	-	(50,250,000)	(50,250,000)
Balance as at June 30, 2021	150,000,000	848,743,439	998,743,440
Transaction with owners			
Dividend paid during the year	-	(50,250,000)	(50,250,000)
Total comprehensive income for the year			
<i>Profit for the year</i>	-	172,296,174	172,296,174
<i>Other Comprehensive income</i>	-	-	-
<i>Total comprehensive income for the year ended june 30, 2022</i>	-	172,296,174	172,296,174
Balance as at June 30, 2022	150,000,000	970,789,614	1,120,789,614

The annexed notes from 1 to 40 form an integral part of these financial statements.

my

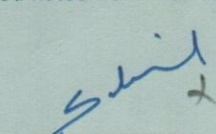

CHIEF EXECUTIVE


DIRECTOR

TOPLINE SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		236,529,806	241,717,541
<i>Adjustments for:</i>			
Depreciation		9,665,001	3,506,362
Amortization of software		-	127,978
Provision for doubtful Debts		-	1,381,803
Gain on disposal of fixed assets		(818,931)	(600,170)
Unrealized gain on remeasurement of investments		(206,502)	-
Finance cost		8,605,466	6,298,344
		<u>17,245,033</u>	<u>10,714,318</u>
Operating profit before working capital changes		253,774,839	252,431,859
Working capital changes			
(Increase) / decrease in current assets			
Trade debtors - considered good		72,797,178	(69,639,159)
Receivables against Margin Financing		151,843,071	(246,440,505)
Receivables against margin trading system		(93,536,914)	22,807,800
Receivables against murabahah share financing		2,313,930	51,771,133
Loans and advances		(314,559)	(90,696)
Trade deposits and short term prepayments		370,160,983	(292,981,446)
Other receivables		(7,919,398)	755,240
		495,344,290	(533,817,633)
(Decrease)/Increase in current liabilities			
Trade and other payables		(100,308,658)	143,855,893
		648,810,471	(137,529,882)
Financial charges paid		(6,789,855)	(6,545,924)
Income tax paid		(73,037,881)	(48,412,261)
Net cash generated / (used in) from operating activities		568,982,735	(192,488,067)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(150,392,720)	(9,648,025)
Proceeds from sale of property and equipment		3,752,301	2,106,350
Capital work-in-progress		-	(3,821,000)
Long term deposits		1,048,929	815,472
Purchase of long term investment		(90,099,507)	-
Sale /(Purchase) of Short term investments - net		(288,527,953)	101,708,365
Net cash (used in) / generated from investing activities		(524,218,951)	91,161,163
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid on ordinary shares		(50,250,000)	(50,250,000)
Net cash (used in) financing activities		(50,250,000)	(50,250,000)
(decrease) / increase in cash and cash equivalents		(5,486,215)	(151,576,905)
Cash and cash equivalents at the beginning of the year		253,914,069	405,490,973
Cash and cash equivalents at the end of the year	27	<u>248,427,854</u>	<u>253,914,069</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR