

TOPLINE SECURITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021

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, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

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**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.

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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.

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

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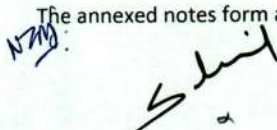
Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Dated: **04 OCT 2021**
Karachi:

TOPLINE SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 -----Rupees-----	2020
ASSETS			
Non-current assets			
Property and Equipment	5	19,722,135	11,265,652
Intangible Assets	6	5,200,000	5,323,211
Long Term Deposits	8	3,670,045	3,485,517
		<u>28,592,180</u>	<u>20,074,380</u>
Current assets			
Trade Debts - Considered Good-net	9	467,160,438	227,041,511
Loans and Advances	10	344,583	253,887
Taxation-net		-	3,285,968
Trade Deposits and Short Term Prepayments	11	389,910,175	97,928,729
Other Receivables	12	2,527,751	3,282,991
Short Term Investments	13	175,759,344	277,472,478
Cash and Bank Balances	14	253,914,069	405,490,973
		<u>1,289,616,360</u>	<u>1,014,756,536</u>
Total assets		<u>1,318,208,540</u>	<u>1,034,830,917</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
150,000,000 (2020: 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	15	150,000,000	150,000,000
Unappropriated profit		848,743,439	719,361,209
Total equity		<u>998,743,439</u>	<u>869,361,209</u>
LIABILITIES			
Non Current Liabilities			
Deferred taxation	7	170,371	424,246
Current liabilities			
Trade and other payables	16	308,596,451	164,740,558
Taxation-net		10,640,956	-
Short term borrowings - secured	17	-	-
Mark-up accrued		57,324	304,904
		<u>319,294,731</u>	<u>165,045,462</u>
Total Equities and liabilities		<u>1,318,208,540</u>	<u>1,034,830,917</u>
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 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, 2021

	Note	2021	2020
		-----Rupees-----	
Operating revenue	19	381,174,769	240,189,440
Capital gain on sale of investments - net	20	37,853,409	53,157,474
Gain on remeasurement of investments-at fair value through profit or loss		-	154,029
		<u>419,028,178</u>	<u>293,500,943</u>
Administrative expenses	21	(227,290,789)	(170,123,919)
Operating profit		<u>191,737,389</u>	<u>123,377,024</u>
Finance cost	22	(6,298,344)	(10,779,487)
		<u>185,439,045</u>	<u>112,597,537</u>
Other income	23	56,278,496	51,694,432
Profit before taxation		<u>241,717,541</u>	<u>164,291,969</u>
Taxation	24	(62,085,310)	(32,046,707)
Profit for the year		<u>179,632,231</u>	<u>132,245,262</u>
Earnings per share - basic and diluted	25	<u>2.40</u>	<u>1.76</u>

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

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CHIEF EXECUTIVE


DIRECTOR

TOPLINE SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	-----Rupees-----	
Profit for the year	179,632,231	132,245,262
Other comprehensive income		
Items that maybe classified to profit and loss account		
<i>Unrealized loss on re-measurement of available for sale investments</i>	-	-
Total comprehensive income for the year	179,632,231	132,245,262

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

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CHIEF EXECUTIVE

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DIRECTOR

TOPLINE SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	241,717,541	164,291,969
Adjustments for:		
Depreciation	3,506,362	2,211,475
Amortization of software	127,978	73,411
Provision for doubtful Debts	1,381,803	-
Gain on disposal of fixed assets	(600,170)	(751,639)
Unrealized Gain on remeasurement of investments	-	(154,029)
Finance cost	6,298,344	10,779,487
	<u>10,714,318</u>	<u>12,158,706</u>
Operating profit before working capital changes	252,431,859	176,450,674
Working capital changes		
(Increase) / decrease in current assets		
Trade debtors - considered good	(69,639,159)	35,816,822
Receivables against Margin Financing	(246,440,505)	8,473,227
Receivables against margin trading system	22,807,800	(22,807,800)
Receivables against murabahah share financing	51,771,133	(58,203,133)
Loans and advances	(90,696)	189,363
Trade deposits and short term prepayments	(292,981,446)	203,196,968
Other receivables	755,240	9,290,040
	<u>(533,817,633)</u>	<u>175,955,488</u>
Increase / (decrease) in current liabilities		
Trade and other payables	143,855,893	(26,241,883)
	<u>(137,529,882)</u>	<u>326,164,278</u>
Financial charges paid	(6,545,924)	(13,121,064)
Income tax paid	(48,412,261)	(28,791,710)
Net cash (used in) / generated from operating activities	(192,488,067)	284,251,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(9,648,025)	(1,475,950)
Intangible Assets	-	(224,164)
Proceeds from sale of property and equipment	2,106,350	3,670,671
Capital work-in-progress	(3,821,000)	(3,205,000)
Long term deposits	815,472	(901,297)
Sale /(Purchase) of investments - net	101,708,365	(259,286,935)
Net cash generated from / (used in) investing activities	91,161,163	(261,422,675)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(50,250,000)	-
Net cash (used in) financing activities	(50,250,000)	-
(decrease) / increase in cash and cash equivalents	(151,576,905)	22,828,830
Cash and cash equivalents at the beginning of the year	405,490,973	382,662,142
Cash and cash equivalents at the end of the year	253,914,069	405,490,973

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


CHIEF EXECUTIVE


DIRECTOR

TOPLINE SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, Subscribed and paid up capital	Revenue reserve Unappropriated Profit	Total
	-----Rupees-----		
Balance as at July 1, 2019	150,000,000	587,115,948	737,115,948
Total comprehensive income for the year			
<i>Profit for the year</i>	-	132,245,262	132,245,262
<i>Unrealized loss on re-measurement of available for sale investment</i>	-	-	-
		132,245,262	132,245,262
Balance as at June 30, 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>Interim Cash Dividend (Note :15.3)</i>	-	(50,250,000)	(50,250,000)
		129,382,231	
Balance as at June 30, 2021	150,000,000	848,743,439	998,743,439

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CHIEF EXECUTIVE


DIRECTOR