

IGI FINEX SECURITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

A·F·FERGUSON&CO.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of IGI Finex Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **IGI Finex Securities Limited** (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss, the statement of profit or loss and other 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, statement of profit or loss and other 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 December 31, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Annual 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 the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other 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) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- e) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: April 5, 2022

UDIN: AR202110068lcOhPHSsU

IGI FINEX SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	4	19,167,001	20,077,413
- Intangible assets	5	15,265,472	15,777,391
Investments	6	22,040,204	23,755,760
Long term deposits	7	21,629,664	15,729,664
Deferred tax asset - net	8	55,758,390	67,868,468
		133,860,731	143,208,696
Current assets			
Trade receivables - net	9	67,044,429	32,084,747
Advances	10	1,014,806	920,900
Deposits and prepayments	11	207,467,541	284,047,462
Accrued mark-up - net	12	3,498,293	4,209,215
Other receivables	13	8,927,505	3,179,409
Taxation recoverable		59,101,787	58,132,878
Bank balances	14	835,845,543	628,701,013
		1,182,899,904	1,011,275,624
TOTAL ASSETS		1,316,760,635	1,154,484,320
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10 each (2020: 60,000,000 ordinary shares of Rs. 10 each)		600,000,000	600,000,000
Issued, subscribed and paid-up share capital	15	520,000,000	520,000,000
Surplus on remeasurement of financial assets - net	16	22,039,804	23,755,360
Advance against issue of preference shares	17	495,000,000	550,000,000
Accumulated losses		(709,278,069)	(777,383,969)
Total equity		327,761,735	316,371,391
Non-current liabilities			
Retirement benefit obligations	18	19,534,312	15,712,000
Lease liabilities against right-of-use assets	19	1,882,313	44,292
		21,416,625	15,756,292
Current liabilities			
Trade and other payables	20	966,849,137	821,862,456
Current portion of lease liabilities against right-of-use assets	19	733,138	494,181
		967,582,275	822,356,637
Total liabilities		988,998,900	838,112,929
TOTAL EQUITY AND LIABILITIES		1,316,760,635	1,154,484,320
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 37 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

IGI FINEX SECURITIES LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
Operating revenue	22	287,116,442	186,969,696
Other operating revenue	23	39,270,108	38,574,690
Total operating income		326,386,550	225,544,386
Administrative and operating expenses	24	(224,300,891)	(173,543,975)
Financial charges		(706,121)	(658,585)
Total operating expenses		(225,007,012)	(174,202,560)
Other income	25	1,493	772,551
Profit before taxation		101,381,031	52,114,377
Taxation	27	(32,463,144)	(16,246,061)
Profit for the year		68,917,887	35,868,316
Earnings per share - basic and diluted	28	1.33	0.69

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

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CHIEF EXECUTIVE OFFICER



DIRECTOR

IGI FINEX SECURITIES LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Profit for the year		68,917,887	35,868,316
Other comprehensive (loss) / income			
Items that will not be reclassified to the statement of profit or loss subsequently			
Actuarial loss on defined benefit obligation - net of tax	18 1.5	(811,987)	-
Unrealised (loss) / gain on remeasurement of financial assets classified as 'at fair value through other comprehensive income'	16	(1,715,556) (2,527,543)	3,750,907 3,750,907
Total comprehensive income for the year		<u>66,390,344</u>	<u>39,619,223</u>

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

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 CHIEF EXECUTIVE OFFICER


 DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paid-up share capital	Advance against issue of preference shares	Capital reserve Surplus / (deficit) on remeasurement of financial assets at fair value through other comprehensive income - net	Revenue reserve Accumulated losses	Total
(Rupees)					
Balance as at January 1, 2020	520,000,000	550,000,000	20,004,453	(813,252,285)	276,752,168
Total comprehensive income for the year					
Profit for year ended December 31, 2020	-	-	-	35,868,316	35,868,316
Other comprehensive income	-	-	3,750,907	-	3,750,907
	-	-	3,750,907	35,868,316	39,619,223
Balance as at December 31, 2020	520,000,000	550,000,000	23,755,360	(777,383,969)	316,371,391
Total comprehensive income for the year					
Profit for year ended December 31, 2021	-	-	-	68,917,887	68,917,887
Other comprehensive loss	-	-	(1,715,556)	(811,987)	(2,527,543)
	-	-	(1,715,556)	68,105,900	66,390,344
Transaction with owners in their capacity as owners					
Repayment of advance against preference shares	-	(55,000,000)	-	-	(55,000,000)
Balance as at December 31, 2021	<u>520,000,000</u>	<u>495,000,000</u>	<u>22,039,804</u>	<u>(709,278,069)</u>	<u>327,761,735</u>

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

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CHIEF EXECUTIVE OFFICER


DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		101,381,031	52,114,377
Adjustments for non-cash items			
Depreciation	4	6,109,425	5,845,352
Amortisation	5	585,418	573,186
Loss / (gain) on disposal of property and equipment	25	3,126	(743,626)
Bad debts written off	24	1,363,506	-
Dividend income	23	(320,590)	(1,064)
Profit on savings accounts	23	(24,854,077)	(25,102,411)
Income on exposure deposit with NCCPL / Pakistan Stock Exchange Limited	23	(8,583,910)	(9,343,146)
Income on base minimum capital deposit	23	(677,207)	(970,630)
Income from MTS exposure	23	(21,141)	(26,525)
Charge for defined benefit plan	24.2	3,612,590	15,712,000
Financial charges		706,121	658,585
		(22,076,739)	(13,398,279)
		79,304,292	38,716,098
Changes in working capital			
(Increase) / decrease in current assets			
Trade receivable - net		(36,323,188)	91,326,798
Advances		(93,906)	737,632
Deposits and prepayments		76,579,921	(154,248,672)
Other receivables		(5,748,096)	(1,102,830)
		34,414,731	(63,287,072)
Increase / (decrease) in current liabilities			
Trade and other payables		144,986,681	243,093,202
Cash generated from operating activities		258,705,704	218,522,228
Finance cost paid		(558,505)	(571,806)
Income tax paid		(20,990,319)	(11,224,259)
Payment against defined benefit plan		(933,921)	-
Rentals paid against lease liability		(1,805,638)	(479,497)
Net cash generated from operating activities		234,417,321	206,246,666
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment		(1,497,139)	(7,069,480)
Payment for purchase of intangible assets		(73,499)	-
Proceeds on disposal of property and equipment		30,000	1,648,658
Long-term deposits		(5,900,000)	(300,000)
Dividend received		320,590	1,064
Profit / income received on savings accounts and deposits		34,847,257	40,016,856
Net cash generated from investing activities		27,727,209	34,297,098
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of advance against		(55,000,000)	-
Net cash used in financing activities		(55,000,000)	-
Net increase in cash and cash equivalents		207,144,530	240,543,764
Cash and cash equivalents at the beginning of the year		628,701,013	388,157,249
Cash and cash equivalents at the end of the year	14	835,845,543	628,701,013

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

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CHIEF EXECUTIVE OFFICER


DIRECTOR