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Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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**AUDITED FINANCIAL STATEMENTS
OF
SHERMAN SECURITIES (PRIVATE) LTD
FOR THE YEAR ENDED
JUNE 30, 2023**

**Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD**

DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with audited financial statements of the Company for the financial year ended June 30, 2023. The working results of the company for the said financial year are given as under:

Operating revenue	105,021,685
Capital loss on disposal of investment	(58,388,147)
Unrealised loss on remeasurement of Investments at fair value through profit or loss	(41,100,265)
Administrative expenses	(127,451,437)
Finance Cost	(77,846,759)
Other Income	14,969,919
Loss before taxation	(184,795,004)
Taxation	(9,018,263)
Loss after taxation	(193,813,267)

Equity Market Review:

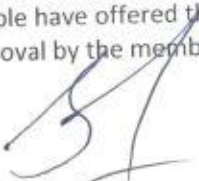
KSE100 Index closed relatively flat during FY23, with the index falling cumulatively by 179 ppts to end at 41,453 points, decline of 0.21%YoY during the period. The index remained relatively volatile during the period, with highs and lows stayed between 43,677 (17th Aug'22) and 38,342 points (17th Jan'23). Average traded volume for the bourse during FY23 stood at 274mn shares per day, marking a decline of 33%YoY vs. the year before. The year was characterized by a combination of economic, political, and exogenous challenges. Overall, market capitalization of the KSE100 index fell by 8.6%/34.5% in rupee/US\$ terms, to presently stand at Pkr6.36tn and US\$22.24bn, respectively. On the currency front, Pkr closed at Pkr286/US\$, reflecting a downgrade of 39.6%YoY from Pkr204.8/US\$ from June'22 end.

Future Prospects:

The future prospects of the Company are thoroughly promising on account of the Management's efforts towards continuing to increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes from its existing clientele as well as prospective foreign and domestic clients by expanding and growing relationships with them through the Company's premium suite of services.

Appointment of External Auditors:

The retiring auditor's M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for reappointment for the financial year ended June 30, 2024, subject to approval by the members in the forthcoming annual general meeting.


Muhammad Samin
Chief Executive Officer




Muhammad Sadiq
Director

Dated: October 06, 2023

Sherman Securities (Pvt.) Ltd.

TREC Holder: Pakistan Stock Exchange Limited
Registered Broker: Securities & Exchange Commission of Pakistan

Corporate Office: 501-502, 5th Floor,
Continental Trade Centre, G/6, Block-8,
Main Clifton Road, Karachi.
Tel: (92-21) 35302921-29,

Branch Office: Room No.124,
3rd Floor, Pakistan Stock Exchange,
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Tel: (92-21) 32426002-5, 32422849-52

INDEPENDENT AUDITORS' REPORT

To the members of Sherman Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **M/s. Sherman Securities (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2023**, 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 ('the financial statements'), 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, 2023 and of the loss, total 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.

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.



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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.

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.

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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 (XVIII of 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 statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani**.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: October 24, 2023
UDIN: AR202310210yLKGWC8Aq

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Muhammad Samin, Chief Executive Officer of Sherman Securities (Pvt.) Limited hereby declares that there are no transactions entered into by Sherman Securities (Pvt.) limited during the year, that are fraudulent, illegal, or in violation of any securities market laws.



Muhammad Samin

Chief Executive Officer

Sherman Securities (Pvt.) Ltd.

TREC Holder: Pakistan Stock Exchange Limited
Registered Broker: Securities & Exchange Commission of Pakistan

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CORPORATE GOVERNANCE

BOARD OF DIRECTORS

An effective board was established comprising 5 directors, responsible for ensuring long-term success and for monitoring and evaluating the management's performance. The composition of the board is as follows:

Mr. Muhammad Samin	Chief Executive Officer
Mr. Muhammad Sadiq	Director
Mr. Muhammad Sumair	Director
Mr. Muhammad Shafi	Director
Mr. Abdul Ghaffar Katiya	Director

BOARD RESPONSIBILITIES, POWERS AND FUNCTION

Each member of the board is fully aware of the responsibilities as an individual member as well as the responsibilities of all members together as a board. The Board actively participates in all major decisions of the company including but not limited to approval of capital expenditure budgets, investments, related party transactions, and appointment of key personnel. The Board also monitors the Company's operations by approval of financial statements, review of internal and external audit observations, if any, and recommendation of dividends. The Board has devised formal policies for conducting business and ensures their monitoring through independent outsourced Internal Auditors which continuously monitors adherence to Company policies.

The following policies have been approved by the board.

- Internal Code of Conduct
- Whistleblower Policy
- Customer Complaint, Grievances & Conflict Resolution Policy
- Risk and Compliance Policy
- segregation of Customer Assets from Securities Broker Assets.

BOARD MEETINGS

The meetings of the director were presided over by the Chairman and, in his absence, by a director, elected by the board for this purpose. The board has complied with the requirements of the Act and the regulations concerning frequency, recording, and circulating minutes of the board.

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COMMITTEES OF BOARD

The board has formed the following committees and their Term of Reference.

- Audit Committee

RELATED PARTY TRANSACTION

The company has provided detailed information on related party transactions in its financial statements annexed to this Annual Report. This disclosure complies with the requirements of Companies Act, 2017 and the relevant international Financial Reporting Standard.

AUDITORS

The company is registered as a Trading and Self- Clearing category or Securities broke, under the Securities Brokers (Licensing and Operations) Regulations 2016 and appointed **Rehman Sarfaraz Rahim Iqbal Rafiq** as their external auditors which are enlisted with "A" Category panel of auditors issued by state bank of Pakistan.

COMPLIANCE STATEMENT

To the best of my knowledge and belief, there are no transactions entered into by the company during the year, which are fraudulent, illegal, or in violation of any securities market laws.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We confirm that the company complies with the code of Corporate Governance required under Securities Broker Licensing and Operation 2016.



Muhammad Samin

Chief Executive Officer



Sherman Securities (Pvt.) Ltd.

TREC Holder: Pakistan Stock Exchange Limited
Registered Broker: Securities & Exchange Commission of Pakistan

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Sherman Securities (Private) Limited

Statement of Financial Position

As at June 30, 2023

		2023	2022
ASSETS	Note	Rupees	
Non-current assets			
Property and equipment	4	47,438,600	58,864,199
Intangible assets	5	3,777,551	3,846,940
Long term deposits	6	4,000,000	4,000,000
		55,216,151	66,711,139
Current assets			
Trade debts	7	22,890,568	18,565,935
Short term investments	8	916,685,918	1,209,427,499
Loans and other receivables	9	22,023,434	14,493,960
Tax refundable due from government		28,767,666	29,129,003
Cash and bank balances	10	187,100,441	63,406,521
		1,177,468,027	1,335,022,918
Total assets		1,232,684,178	1,401,734,057
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	11	150,000,000	150,000,000
Issued, subscribed and paid up capital	11	120,000,000	120,000,000
Unappropriated profit		478,633,141	672,446,408
		598,633,141	792,446,408
Current liabilities			
Short term borrowings - secured	12	403,806,643	511,429,429
Trade and other payables	13	212,898,204	84,806,767
Accrued markup	14	17,346,190	13,051,453
		634,051,037	609,287,649
Contingencies and commitments	15	-	-
Total equity and liabilities		1,232,684,178	1,401,734,057

The annexed notes from 1 to 26 form an integral part of these financial statements.

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Chief Executive


Director

Sherman Securities (Private) Limited

Statement of Profit or Loss

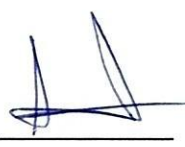
For the year ended June 30, 2023

		2023	2022
	Note	Rupees	
Operating revenue	16	105,021,685	107,994,025
Capital loss on sale of investment		(58,388,147)	(148,470,511)
Loss on re-measurement of investments carried at fair value through profit or loss - net		(41,100,265)	(243,183,249)
		5,533,273	(283,659,735)
Operating Expenses			
Administrative expenses	17	(127,451,437)	(125,168,872)
Financial charges	18	(77,846,759)	(42,506,242)
		(205,298,196)	(167,675,114)
Other income	19	14,969,919	3,421,670
Loss before taxation		(184,795,004)	(447,913,179)
Taxation	20	(9,018,263)	(10,135,324)
Loss after taxation		(193,813,267)	(458,048,503)

The annexed notes from 1 to 26 form an integral part of these financial statements.

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Chief Executive


Director

Sherman Securities (Private) Limited

Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	<u>Rupees</u>	<u></u>
Loss after taxation	(193,813,267)	(458,048,503)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(193,813,267)</u>	<u>(458,048,503)</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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Chief Executive


Director

Sherman Securities (Private) Limited

Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Revenue reserve Unappropriated profit	Total
	Rupees		
Balance as at June 30, 2021 (<i>restated</i>)	120,000,000	1,130,494,911	1,250,494,911
<i>Total comprehensive loss for the year ended June 30, 2022</i>			
Loss after taxation	-	(458,048,503)	(458,048,503)
Other comprehensive income for the year	-	-	-
	-	(458,048,503)	(458,048,503)
Balance as at June 30, 2022	120,000,000	672,446,408	792,446,408
<i>Total comprehensive loss for the year ended June 30, 2023</i>			
Loss after taxation	-	(193,813,267)	(193,813,267)
Other comprehensive income for the year	-	-	-
	-	(193,813,267)	(193,813,267)
Balance as at June 30, 2023	120,000,000	478,633,141	598,633,141

The annexed notes from 1 to 26 form an integral part of these financial statements.


Chief Executive


Director

Sherman Securities (Private) Limited

Statement of Cash Flows

For the year ended June 30, 2023

		2023	2022
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Loss after taxation		(184,795,004)	(447,913,179)
<i>Adjustments for non-cash and other items:</i>			
Financial charges	18	77,846,759	42,506,242
Loss on sale of securities		58,388,147	148,470,511
Loss on re-measurement of investments carried at fair value through profit or loss		41,100,265	243,183,249
Depreciation for property and equipment	4	11,170,393	13,391,378
Provision of impairment	17 / 21	4,897,082	3,460,027
Amortization of software	5	69,389	86,735
Gain on sale of vehicles	19	(326,939)	(2,368,003)
Interest income on cash margin placed with NCCPL	19	(953,711)	(1,053,667)
		<u>192,191,385</u>	<u>447,676,472</u>
Operating profit / (loss) before working capital changes		7,396,381	(236,707)
Changes in working capital :			
<i>(Increase) / decrease in current assets</i>			
Sale and purchase of securities-net		193,253,169	(145,666,616)
Advance, prepayments and other receivables		(7,529,474)	15,460,823
Trade debts		(9,221,715)	(7,797,829)
		<u>176,501,980</u>	<u>(138,003,622)</u>
<i>(Decrease) / increase in current liabilities</i>			
Creditors, accrued and other liabilities		128,091,437	(25,496,493)
		<u>304,593,417</u>	<u>(163,500,115)</u>
Finance cost paid		(73,552,022)	(36,082,831)
Income tax paid		(8,656,926)	(10,237,584)
Net cash generated from / (used in) operating activities		<u>229,780,850</u>	<u>(210,057,237)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed of property and equipment		1,000,000	4,250,000
Interest income received on cash margin placed with NCCPL	19	953,711	1,053,667
Long term deposit refunded		-	100,000
Purchase of property and equipment	4	(417,855)	(9,650,336)
Net cash generated from / (used in) from operating activities		<u>1,535,856</u>	<u>(4,246,669)</u>
Net increase / (decrease) in cash and cash equivalent during the year		231,316,706	(214,303,906)
Cash and cash equivalent at the beginning of the year		(448,022,908)	(233,719,002)
Cash and cash equivalent at the end of the year	21	<u>(216,706,202)</u>	<u>(448,022,908)</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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Chief Executive



Director

Sherman Securities (Private) Limited

Notes to the Financial Statements

For the year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

Sherman Securities (Private) Limited ('the Company') is a private company incorporated in Pakistan on July 15, 2002 under the Companies Ordinance, 1984. The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, Initial Public Offer (IPO) underwriting, investment and portfolio management. The Company's registered office is situated at Room No. 124, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provision of, and directives issued, under the Companies Act, 2017.

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

2.2 Accounting convention

These financial statements have been prepared under, the historical cost convention, except for investments classified as 'at fair value through profit or loss ('FVTPL') which are carried at fair value.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Judgments and sources of estimation uncertainty

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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(a) *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements is included in the following notes:

Area of judgement	Brief description of the judgement applied
Property and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'reducing balance method' as the depreciation method. Determination of useful life and residual values of property and equipment.
Intangibles	Determination of useful life, residual values and amortisation rates of Intangibles.
Provision for taxation	Refer Note 3.6

(b) *Assumptions and other major sources of estimation uncertainty*

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Trade debts	Estimation of expected credited losses

2.5 New accounting pronouncements

2.5.1 *New and amended standards and interpretations effective for the financial year beginning July 01, 2022:*

(a) **IAS 37 - Onerous contracts**

Effective date:
January 01, 2022

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) **IAS 16 - Proceeds before an asset's intended use**

Effective date:
January 01, 2022

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The aforesaid, amendments to approved accounting standards and interpretations do not have any significant effect on the Company's financial reporting and operations.

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2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following new standards and amendments to approved accounting standards are not yet effective for the financial year beginning on July 01, 2022 and have also not been earlier adopted by the Company:

(a) IAS 1 - Disclosure of accounting policies **Effective date:**
January 01, 2023

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(b) IAS 8 - Definition of accounting estimates **Effective date:**
January 01, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) IAS 12 - Deferred tax **Effective date:**
January 01, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) IAS 1 - Classification of liabilities as current or non current **Effective date:**
January 01, 2024

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

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(e) **IFRS 16 - Sale and leaseback transaction**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000, the same is charged directly to the statement of profit or loss.

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

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Trading Rights Entitlement (TRE) Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 5, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss account.

3.3 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

3.4 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise cash and bank balances and short term running finance.

3.5 Financial assets

3.5.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized costs;
- (b) fair value through other comprehensive income (FVOCI);and
- (c) fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

- (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

- (ii) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

3.5.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss.

3.5.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

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For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.5.4 *De-recognition*

Financial 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 risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.6 *Taxation*

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

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

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

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Judgement and estimates

Significant judgement is required in determining the income tax expenses and corresponding provision for tax. 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 recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

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 realise the asset and settle the liability simultaneously.

3.7 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 recognised as interest expense.

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 recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised 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.

3.8 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.9 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.10 Revenue recognition

Revenue from trading activities - brokerage

Commission revenue from trading of securities is recognized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is 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. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

3.11 Impairment of non-financial assets

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.12 Dividends

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

4. PROPERTY AND EQUIPMENT

	Office Premises	Furniture & Fixtures	Office Equipment	Computer	Vehicles	Total
<i>Note</i>	<i>Rupees</i>					
As at June 30, 2021						
Cost	15,266,953	2,554,547	2,750,174	12,629,023	75,807,199	109,007,896
Accumulated depreciation	(9,390,943)	(1,626,935)	(1,735,296)	(10,252,397)	(21,515,087)	(44,520,658)
Net book value	<u>5,876,010</u>	<u>927,612</u>	<u>1,014,878</u>	<u>2,376,626</u>	<u>54,292,112</u>	<u>64,487,238</u>
<i>Movement during the year ended June 30, 2022</i>						
Opening net book value	5,876,010	927,612	1,014,878	2,376,626	54,292,112	64,487,238
Addition for the year	-	2,911,505	1,135,016	1,842,325	3,761,490	9,650,336
Disposals during the year	-	-	-	-	-	-
- Cost	-	-	-	-	(5,088,013)	(5,088,013)
- Accumulated depreciation	-	-	-	-	3,206,016	3,206,016
	-	-	-	-	(1,881,997)	(1,881,997)
Depreciation for the year	(587,601)	(279,543)	(145,399)	(1,103,748)	(11,275,087)	(13,391,378)
Closing net book value	<u>5,288,409</u>	<u>3,559,574</u>	<u>2,004,495</u>	<u>3,115,203</u>	<u>44,896,518</u>	<u>58,864,199</u>
As at June 30, 2022						
Cost	15,266,953	5,466,052	3,885,190	14,471,348	74,480,676	113,570,219
Accumulated depreciation	(9,978,544)	(1,906,478)	(1,880,695)	(11,356,145)	(29,584,158)	(54,706,020)
Net book value	<u>5,288,409</u>	<u>3,559,574</u>	<u>2,004,495</u>	<u>3,115,203</u>	<u>44,896,518</u>	<u>58,864,199</u>
<i>Movement during the year ended June 30, 2023</i>						
Opening net book value	5,288,409	3,559,574	2,004,495	3,115,203	44,896,518	58,864,199
Addition for the year	-	-	-	353,025	64,830	417,855
Disposals during the year	-	-	-	-	-	-
- Cost	-	-	-	-	(4,500,000)	(4,500,000)
- Accumulated depreciation	-	-	-	-	3,826,939	3,826,939
	-	-	-	-	(673,061)	(673,061)
Depreciation for the year	(528,841)	(355,957)	(200,449)	(1,026,133)	(9,059,013)	(11,170,393)
Closing net book value	<u>4,759,568</u>	<u>3,203,617</u>	<u>1,804,046</u>	<u>2,442,095</u>	<u>35,229,274</u>	<u>47,438,600</u>
As at June 30, 2023						
Cost	15,266,953	5,466,052	3,885,190	14,824,373	70,045,506	109,488,074
Accumulated depreciation	(10,507,385)	(2,262,435)	(2,081,144)	(12,382,278)	(34,816,232)	(62,049,474)
Net book value	<u>4,759,568</u>	<u>3,203,617</u>	<u>1,804,046</u>	<u>2,442,095</u>	<u>35,229,274</u>	<u>47,438,600</u>
Annual rates of depreciation	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>30%</u>	<u>20%</u>	

		2023	2022
	Note	Rupees	
12. SHORT TERM BORROWINGS - SECURED			
JS Bank Limited	12.1	179,739,675	201,608,483
Habib Metropolitan Bank Limited	12.2	172,726,720	309,820,946
Dubai Islamic Bank Limited	12.3	51,340,248	-
		<u>403,806,643</u>	<u>511,429,429</u>

12.1 This represents the amount availed against a running finance facility obtained by the Company from M/s. JS Bank Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 300 million (2022: Rs. 300 million). The facility is secured by first exclusive charge over pledge of shares amounting to Rs. 500 million registered with SECP, pledge of shares with 35% margin, as per JSBL approved list and margin, and personal guarantees of those directors whose holding is more than 10% of shareholding. The facility carries markup at the rate of 3-Month KIBOR +2 % p.a. (2022: 1-Month KIBOR +2 % p.a.).

12.2 This represents the amount availed against a running finance facility obtained by the Company from M/s. Habib Metropolitan Bank Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 400 million (2022: Rs. 400 million). The facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list) with minimum margin of 40% and personal guarantees of directors. The facility carries markup at the rate of 3-Month KIBOR +2 % p.a. (2022: 3-Month KIBOR +2 % p.a.).

12.3 This represents the amount availed against a Shares Murhaba finance facility obtained by the Company from M/s. Dubai Islamic Bank Limited in order to purchase shariah complaint shares from Bank's approved list of shares. As of the reporting date, the limit of the facility was Rs. 200 million. The facility is secured against pledge over shariah compliant shares (as per bank's list), which are to be held in bank's CDC account, along with 40% margin or SBP margin whichever is higher, and personal guarantees of directors. The facility carries markup at the rate of 6-Month KIBOR +2 % p.a.

	2023	2022
13. TRADE AND OTHER PAYABLES	Rupees	
Creditors	185,980,245	62,431,019
Profit withheld	10,285,785	927,875
Dealer commission payable	3,843,727	10,725,419
Exposure withheld	6,040,531	724,082
Sindh sales tax payable	3,067,665	1,464,623
Accrued liabilities	2,081,932	6,689,879
Withholding income tax payable	1,598,319	1,843,870
	<u>212,898,204</u>	<u>84,806,767</u>

13.1 The Company held equity securities having fair value of Rs. 2.491 billion, owned by its client as collaterals.

	2023	2022
14. ACCRUED MARKUP	Rupees	
Short term borrowings	<u>17,346,190</u>	<u>13,051,453</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 There are no material contingencies as at 30 June 2023.

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- 4.1 During the year, company disposed of one of its vehicles Toyota Aqua car, at a consideration of Rs. 1 million. The corresponding gain on the transaction has been recorded in note#19 to the financial statements.

5.	INTANGIBLE ASSETS	Note	2023 Rupees	2022
	Trading Right Entitlement Certificate - PSX	5.1	2,500,000	2,500,000
	Membership Card - PMEX		1,000,000	1,000,000
	- Software license	5.2	277,551	346,940
			<u>3,777,551</u>	<u>3,846,940</u>

- 5.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the Company had received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. The right has been carried at cost less impairment.

5.2	Software license	2023 Rupees	2022
	<i>Net carrying amount</i>		
	Opening net book value	346,940	433,675
	Amortization charge	(69,389)	(86,735)
	Closing net book value	<u>277,551</u>	<u>346,940</u>
	<i>Annual amortization rate</i>	<u>20%</u>	<u>20%</u>

6. LONG TERM DEPOSITS

Deposit placed with:

Pakistan Mercantile Exchange Limited

-Basic deposit	2,500,000	2,500,000
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Central Depository Company of Pakistan Limited

-Basic deposit	100,000	100,000
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National Clearing Company of Pakistan Limited

-Basic deposit	400,000	400,000
-Future market	1,000,000	1,000,000
	<u>1,400,000</u>	<u>1,400,000</u>
	<u>4,000,000</u>	<u>4,000,000</u>

7. TRADE DEBT

Considered good and secured	22,890,568	18,565,935
Considered doubtful- unsecured	13,860,897	8,963,815
	<u>36,751,465</u>	<u>27,529,750</u>
Less: Provision for expected credit losses	(13,860,897)	(8,963,815)
	<u>22,890,568</u>	<u>18,565,935</u>

		2023	2022
		Rupees	
7.1	Movement in provision for doubtful debts		
	Balance at the beginning of the year	8,963,815	5,503,788
	Charged during the year	4,897,082	3,460,027
	Reversed during the year	-	-
	Balance at the end of the year	13,860,897	8,963,815
7.2	The Company held equity securities having fair value of Rs. 882.050 million. (2022: 961.736 million), owned by its client as collaterals against trade debt.		

		2023	2022
		Rupees	
8.	SHORT TERM INVESTMENTS		
	<i>Quoted equity securities carried at fair value through profit or loss</i>	916,685,918	1,209,427,499
	Fair value of listed securities at June 30 th	920,432,823	1,213,174,404
	Less: provision for impairment	(3,746,905)	(3,746,905)
		916,685,918	1,209,427,499

8.1 This represents impairment loss on listed securities with prolonged decline and absence of active market resulting from classification in defaulter segment. Impairment loss is the difference between cost and estimated future cash flows expected to be generated from these financial asset.

		2023	2022
		Rupees	
8.2	Movement in provision for impairment		
	Balance at the beginning of the year	3,746,905	3,746,905
	Add: Charge for the year	-	-
	Balance at the end of the year	3,746,905	3,746,905
8.3	Details of securities pledged		
	<i>Pledged with banks</i>		
	Brokerage House	704,758,567	922,506,774
	Clients including employees and directors / shareholders	165,034,426	41,358,974
		869,792,993	963,865,748
	<i>Pledged with PSX / NCCPL</i>		
	Brokerage House	142,955,161	145,932,580
	Clients including employees and directors / shareholders	12,380,638	4,408,800
		155,335,799	150,341,380

9. LOANS AND OTHER RECEIVABLES

<i>Loans</i>			
-Staff loan - unsecured		11,779,000	7,175,000
<i>Other receivables</i>			
-Dividend		-	-
-Receivable from NCCPL		6,621,108	1,030,765
-Other Receivables		3,623,326	6,288,195
		22,023,434	14,493,960

		2023	2022
	Note	Rupees	
10. CASH AND BANK BALANCES			
Cash in hand		42,232	276,709
Cash at bank:			
- current account	10.1	20,064,300	63,129,812
- saving account	10.2 & 10.3	166,993,909	
		187,058,209	63,129,812
		<u>187,100,441</u>	<u>63,406,521</u>

10.1 This includes cash at bank pertaining to client accounts amounting to Rs. 19.874 million (2022: 62.851 million).

10.2 This represents cash at bank pertaining to client accounts.

10.3 The return on these balances ranges from 15% to 20% per annum on daily average product basis.

11. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
-----Number of shares-----			----- Rupees-----	
<u>1,500,000</u>	<u>1,500,000</u>	Authorized Capital:		
		Ordinary shares of Rs. 100/- each	<u>150,000,000</u>	<u>150,000,000</u>
		Issued, subscribed and paid-up :		
<u>1,200,000</u>	<u>1,200,000</u>	Ordinary shares of Rs. 100/- each		
		issued as fully paid in cash	<u>120,000,000</u>	<u>120,000,000</u>

11.1 There are no agreements with shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

11.2 Shareholders holding pattern of shares are as follows:

	2023		2022	
Categories of shareholders	Number of shares held	% of Shares held	Number of shares held	% of Shares held
Individuals				
Muhammad Samin	1,087,200	90.60%	1,087,200	90.60%
Muhammad Sumair	28,080	2.34%	28,080	2.34%
Muhammad Sadiq	28,080	2.34%	28,080	2.34%
Muhammad Saad	28,080	2.34%	28,080	2.34%
Abdullah	28,080	2.34%	28,080	2.34%
Muhammad Shafi	240	0.02%	240	0.02%
Abdul Ghaffar	240	0.02%	240	0.02%
	<u>1,200,000</u>	<u>100.00%</u>	<u>1,200,000</u>	<u>100.00%</u>

15.2	Commitments	Note	2023	2022
			Rupees	
	Guarantee given by a Dubai Islamic Bank Limited on behalf of the Company in favour of National Clearing Company of Pakistan Limited against DFC exposure		10,000,000	10,000,000
16.	OPERATING REVENUE			
	Commission income	16.1	66,773,638	55,527,199
	Dividend Income		38,248,047	52,275,607
	IPO commission		-	191,219
			105,021,685	107,994,025
16.1	Brokerage commission income			
	Gross commission income		72,422,922	64,278,931
	Less : Commission paid to dealers		(5,649,284)	(8,751,732)
	Net commission earned		66,773,638	55,527,199
17.	ADMINISTRATIVE EXPENSES			
	Salaries, benefits and allowances		57,673,580	59,387,605
	Donation	17.1	13,611,700	12,980,000
	Depreciation	4	11,170,393	13,391,378
	PSX / NCCPL electricity and service charges		7,570,358	8,518,542
	Directors' remuneration	17.2	6,721,875	6,600,000
	Commission expense		5,649,284	-
	Legal and professional		5,129,034	6,121,532
	Provision for expected credit loss		4,897,082	3,460,027
	Travelling and conveyance		4,762,093	3,532,906
	Internet and Software charges		2,221,983	1,993,447
	Repair and maintenance		1,782,895	2,586,766
	CDC charges		1,270,738	1,422,157
	Auditors' remuneration	17.3	1,100,000	918,000
	Entertainment		985,982	1,438,219
	General expenses		932,519	779,296
	Communication		813,875	1,163,592
	Rates and taxes		435,158	143,030
	Vehicle running expenses		461,215	526,190
	Printing and stationery		137,284	-
	Fees and subscription		55,000	53,000
	Amortization of computer software	5.2	69,389	86,735
	Insurance		-	66,450
			127,451,437	125,168,872

17.1 None of the directors of the Company or their spouses had any interest in the donee organizations.

17.2 Chief Executive, Director and Executives Remuneration

	Chief Executive		Directors		Total	
	2023	2022	2023	2022	2023	2022
	Rupees					
Managerial Remuneration(Rupees)	3,590,000	3,480,000	3,131,875	3,120,000	6,721,875	6,600,000
Number of persons	1	1	4	4	5	5

The Chief Executive and Director have also been provided with free use of the Company maintained cars.

		2023	2022
		Rupees	
17.3 Auditor's remuneration			
Statutory auditors remuneration		1,100,000	918,000

18. FINANCIAL CHARGES

Mark up on short term running finance	77,596,959	36,998,344
Bank charges	249,800	5,507,898
	<u>77,846,759</u>	<u>42,506,242</u>

19. OTHER INCOME

Markup income	8,185,630	-
Write off of dealer liability	5,503,639	-
Interest income on cash margin placed with NCCPL	953,711	1,053,667
Gain on sale of vehicles	326,939	2,368,003
	<u>14,969,919</u>	<u>3,421,670</u>

20. TAXATION

Current	8,130,569	8,485,253
Prior	887,694	1,650,071
	<u>9,018,263</u>	<u>10,135,324</u>

- 20.1 The income tax assessments of the Company have been finalised up to and including the tax year 2022. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for re-assessment by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

		2023	2022
		Rupees	
	Note		
Cash and bank balances	10	187,100,441	63,406,521
Short term borrowings	12	(403,806,643)	(511,429,429)
		<u>(216,706,202)</u>	<u>(448,022,908)</u>

22. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company, directors and their close family members. Remuneration of the Chief Executive and Directors is disclosed in note 17.1 to the financial statements. Transactions entered into with related parties and balances held with them, other than those disclosed elsewhere in these financial statements, are as follows:

	2023	2022
	Rupees	
Name of the related party, relationship with company and Nature of Transaction		
<u>KEY MANAGEMENT PERSONNEL</u>		
Mohammad Samin (CEO / Director)		
<i>Balances at the year end</i>		
Trade Payable at year end	24,566	1,296,503
Muhammad Sadiq (Director)		
<i>Balances at the year end</i>		
Trade Payable at year end	-	772,929
Trade Receivable at year end	219,964	-
Abdul Ghaffar Katiya (Director)		
<i>Balances at the year end</i>		
Trade Receivable at year end	3,501	2,826
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Muhammad Sumair		
<i>Balances at the year end</i>		
Trade Receivable at year end	7,837	74,104
Trade Payable at year end	-	-
Muhammad Saad		
<i>Balances at the year end</i>		
Trade Receivable at year end	143,790	19,660
Abdullah Samin		
<i>Balances at the year end</i>		
Trade Payable at year end	6,096	39,621
Trade Receivable at year end	-	-

23. FINANCIAL INSTRUMENTS

23.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset.

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The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

Maximum exposure to credit risk

As of the reporting date, the maximum exposure to credit risk was as follows :

	Note	2023	2022
		Rupees	
Long term deposits		4,000,000	4,000,000
Trade debts	23.1.1	22,890,568	18,565,935
Loan and other receivables		22,023,434	14,493,960
Bank balances		187,058,209	63,129,812
		<u>235,972,211</u>	<u>100,189,707</u>

23.1.1 Trade debts

The Company, as part of risk management strategies, reviews the clients' financial position and considers its past experience with them as well as obtains authorized approvals and arrange for necessary collaterals in the form of equity securities. Further, the Company assigns its clients trading limits (based on their net worth) which are subject to continuous monitoring and revision. In addition, proper margins are also collected from the clients.

As of the reporting date, the ageing analysis of trade debts was as follows:

	2023		2022	
	Gross	Life time expected credit losses	Gross	Life time expected credit losses
Not past due	-	-	-	-
Past due 1 day - 30 days	17,892,501	331,632	8,478,755	87,701
Past due 31 days - 180 days	2,783,929	204,295	5,020,112	134,297
Past due 181 days - 1 year	810,600	395,150	6,795,127	3,278,440
Above 1 Year	15,264,435	12,929,820	7,235,756	5,463,377
	<u>36,751,465</u>	<u>13,860,897</u>	<u>27,529,750</u>	<u>8,963,815</u>

23.1.2 Bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Bank	Rating agency	Long term rating	2023	2022
----- (Rupees) -----				
Habib Metropolitan Bank Limited	PACRA	AA+	168,277,274	22,281,156
Dubai Islamic Bank limited	VIS	AA	10,419,088	12,892,702
JS Bank Limited	PACRA	AA-	3,677,240	25,883,940
Meezan Bank Limited	VIS	AAA	2,905,408	-
MCB Bank Limited	PACRA	AAA	1,250,781	539,216
Askari Bank Limited	PACRA	AA+	216,528	-
Bank Al-Habib Limited	PACRA	AAA	76,606	342,575
United Bank Limited	VIS	AAA	76,562	76,562
Soneri Bank Limited	PACRA	AA-	56,000	55,000
Bank Alfalah Limited	PACRA	AA+	49,713	1,005,706
National Bank of Pakistan	VIS	AAA	24,516	25,472
Bank Islami Pakistan Limited	PACRA	AA-	19,683	18,673
Habib Bank Limited	VIS	AAA	8,810	8,810
			<u>187,058,209</u>	<u>63,129,812</u>

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

2023					
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	One to Five years
	----- (Rupees) -----				
Trade and other payables	212,898,204	(212,898,204)	(212,898,204)	-	-
Short term borrowing	403,806,643	(403,806,643)	(403,806,643)	-	-
Accrued markup	17,346,190	(17,346,190)	(17,346,190)	-	-
	634,051,037	(634,051,037)	(634,051,037)	-	-
2022					
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	One to Five years
	----- (Rupees) -----				
Trade and other payables	84,806,767	(84,806,767)	(84,806,767)	-	-
Short term borrowing	511,429,429	(511,429,429)	(511,429,429)	-	-
Accrued markup	13,051,453	(13,051,453)	(13,051,453)	-	-
	609,287,649	(609,287,649)	(609,287,649)	-	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

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The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

The table below summarizes the Company's other price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in prices in individual scrips as at the reporting date. 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 markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax
June 30, 2023	<i>Rupees</i>	916,685,918	10% increase	1,008,354,510	91,668,592
			10% decrease	825,017,326	(91,668,592)
June 30, 2022	<i>Rupees</i>	1,209,427,499	10% increase	1,330,370,249	120,942,750
			10% decrease	1,088,484,749	(120,942,750)

23.2 Fair value estimate

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the fair value of its assets and liabilities carried at fair value using the following hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, the only item in the financial statements that is carried at fair value is the Company's short term investment in quoted equity securities. At each reporting date, the Company re-measures the fair value of such investments based on the share prices quoted on Pakistan Stock Exchange. Hence, the Company classifies all such investments within Level 1 of the fair value hierarchy.

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a) *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 and arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As of the reporting date, the Company was not exposed to currency risk.

b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments (variable rate instruments) was as follows:

	2023	2022	2023	2022
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial liabilities				
Short term borrowing	1-3 Months KIBOR + 2%	1-3 Months KIBOR + 2%	<u>403,806,643</u>	<u>511,429,429</u>

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the carrying amount of any financial instrument.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax	
	100 bp increase	100 bp decrease
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instruments	<u>(4,038,066)</u>	<u>4,038,066</u>
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	<u>(5,114,294)</u>	<u>5,114,294</u>

c) *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 the market prices (other than those arising from interest/ mark up 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 or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to other price risk since it had investments in quoted securities valuing to Rs. 916.685 million (2022: 1.209 billion) and also because the Company held collaterals in the form of equity securities against their debtor balances.

		2023	2022
		Rupees	
23.3	Financial instruments by categories		
	Financial assets		
	<i>At fair value through profit or loss</i>		
	Short term investments	916,685,918	1,209,427,499
	<i>At amortized cost</i>		
	Long term deposits	4,000,000	4,000,000
	Trade debts	22,890,568	18,565,935
	Loan and other receivables	22,023,434	14,493,960
	Bank balances	187,100,441	63,406,521
		<u>1,152,700,361</u>	<u>1,309,893,915</u>
	Financial liabilities		
	<i>At amortized cost</i>		
	Short term borrowings - secured	403,806,643	511,429,429
	Trade and other payables	208,232,220	84,806,767
	Accrued markup	17,346,190	13,051,453
		<u>629,385,053</u>	<u>609,287,649</u>

24. CAPITAL

24.1 Capital 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.

24.2 Capital Adequacy level

The Capital Adequacy Level of the Company as of the reporting date was as follows:

		2023	2022
		Rupees	
	Note		
Total assets	24.2.1	1,232,684,178	1,401,734,057
Less: Total liabilities		(634,051,037)	(609,287,649)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		<u>598,633,141</u>	<u>792,446,408</u>

- 24.2.1 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.

24.3 Disclosure of net liquid balance as required by the Securities Brokers
(Licensing and Operations) Regulations, 2016

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	47,438,600	100.00%	-
1.2	Intangible Assets	3,777,551	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 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 upto 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.	911,251,118	172,013,809	739,237,309
	ii. If unlisted, 100% of carrying value.	-	-	-
	Provided, that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	5,434,800	5,434,800	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securitas 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, however, any excess amount of cash deposited with securities exchange to comply with the requirements of Base minimum capital, may be taken in the calculation of LC.	4,000,000	4,000,000	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	-	-
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.	-	-	-
1.14	Amounts receivable against Repo financing.	-	-	-
	Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
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.	11,779,000	11,779,000	-
	ii. No haircut may be applied to the Advance tax to the extent it is netted with provision of taxation.	28,767,666	-	28,767,666
	iii. In all other cases, 100% of net value	3,623,326	3,623,326	-
1.16	Receivables from clearing house or securities exchange(s)			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	6,621,108	-	6,621,108

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. 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. ii. 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, iii. 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. iv. Balance sheet value	14,831,621	-	14,831,621
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. Lower of net balance sheet value or value determined through adjustments	7,683,855	3,547,363	4,136,492
	vi. In the case of amount of receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Upto 30 days, values determined after applying VaR based haircuts; b. Above 30 days, but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable. Lower of net balance sheet values or values determined through adjustments	375,092	-	3,501
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	190,300	-	190,300
	ii. Bank balance-customer accounts	186,867,909	-	186,867,909
	iii. Cash in hand	42,232	-	42,232
1.19	Subscription money against Investment in IPO / offer for sale (asset) i. 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. ii. In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities. iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right Shares. Balance sheet values or net values after deducting haircuts.			
1.20	Total Assets	1,232,684,178		980,698,138
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	185,980,245	-	185,980,245
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	44,264,149	-	44,264,149
	iii. Short-term borrowings	403,806,643	-	403,806,643
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. 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 c. 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.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-

S.No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
	Subordinated Loans	-	-	-
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. 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. ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	634,051,037		634,051,037
3. Risk Management - Regulatory				
3.1	Concentration in Margin Financing The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
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	-	-	-
3.3	Net underwriting Commitments (a) in the case of right issues : 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 issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
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	-	-	-
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	-	-	-
3.6	Amount Payable under REPO	-	-	-
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 financee/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.	-	-	-
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	-	-	15,108,634

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
Opening Positions in futures and options				
3.9	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	-	-	13,821,873
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	-	28,930,507
		<u>598,633,141</u>	Liquid Capital	<u>317,716,594</u>

25. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2023	2022
	Number	Number
Total number of employees as at June 30	<u>38</u>	<u>37</u>
Average number of employees during the year	<u>37</u>	<u>36</u>

26. GENERAL

The financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 06 OCT 2023

26.1 Figures in these financial statements have been rounded off to the nearest rupee.



Chief Executive



Director