

ZAFAR SECURITIES (PVT.) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Independent Auditor's Report to the members of Zafar Securities (Pvt.) Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss, 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.

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

Management is responsible for the other information. The other information comprises the Directors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity 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); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015 and Section 62 of the Futures Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 and the Futures Brokers (Licensing and Operations) Regulations, 2018 as at the date on which the financial statements were prepared.


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


CHARTERED ACCOUNTANTS
Lahore: **19 SEP 2022**

ZAFAR SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees (Re-stated)	2020 Rupees (Re-stated)
ASSETS				
NON CURRENT ASSETS				
Property and equipment	6	45,006,904	29,711,011	26,630,003
Intangible assets	7	23,430,803	18,480,803	15,239,040
Long term investment	8	22,166,122	18,111,682	17,847,935
Long term deposits	9	2,250,000	2,250,000	2,420,000
Deferred taxation	19	8,239,372	10,014,169	-
Long term advances	10	4,502,056	4,502,056	40,377,123
		105,595,257	83,069,721	102,514,101
CURRENT ASSETS				
Account receivables	11	55,148,804	72,952,181	51,703,367
Loan and advances	12	6,786,772	3,552,984	3,308,168
Investment at fair value through profit or loss	13	36,377,900	63,894,340	42,556,765
Trade deposits, short term prepayments and current account balance with statutory authorities	14	70,302,429	140,071,097	44,134,006
Cash and bank balances	15	136,969,755	241,415,124	103,287,541
		305,585,660	521,885,726	244,989,847
		411,180,917	604,955,447	347,503,948
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Issued, subscribed and paid up capital	16	200,000,000	200,000,000	200,000,000
Revenue reserves				
General reserve		22,000,000	22,000,000	22,000,000
Unappropriated profit/(accumulated loss)		20,312,746	41,175,977	(49,983,605)
Capital reserve				
Fair value adjustment reserve	17	9,720,065	10,181,641	9,975,259
		252,032,811	273,357,618	181,991,654
Long term loan from related party	18	-	10,000,000	-
		252,032,811	283,357,618	181,991,654
NON CURRENT LIABILITIES				
Deferred taxation	19	-	-	2,772,676
CURRENT LIABILITIES				
Deposits, accrued liabilities and advances	20	1,301,378	3,700,861	2,409,624
Trade and other payables	21	147,846,728	317,503,682	134,459,630
Loan from related party	22	10,000,000	-	25,870,364
Provision for taxation		-	393,286	-
		159,148,106	321,597,829	162,739,618
CONTINGENCIES AND COMMITMENTS				
	23	-	-	-
		411,180,917	604,955,447	347,503,948

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


CHIEF EXECUTIVE


DIRECTOR

ZAFAR SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees (Re-stated)	2020 Rupees (Re-stated)
Brokerage and commission	24	71,281,697	94,394,276	38,876,059
Capital gain on marketable securities		<u>27,650</u>	<u>25,983,096</u>	<u>10,444,914</u>
		71,309,347	120,377,372	49,320,973
Direct costs	25	<u>(18,153,689)</u>	<u>(10,501,807)</u>	<u>(12,231,393)</u>
		53,155,658	109,875,565	37,089,580
Operating expenses	26	<u>(66,470,319)</u>	<u>(58,220,351)</u>	<u>(44,902,063)</u>
Other operating expenses	27	<u>(23,733,706)</u>	<u>(1,833,329)</u>	<u>(4,477,432)</u>
Other income	28	<u>18,211,650</u>	<u>38,726,046</u>	<u>15,934,648</u>
		<u>(71,992,375)</u>	<u>(21,327,634)</u>	<u>(33,444,847)</u>
(LOSS)/PROFIT FROM OPERATIONS		(18,836,717)	88,547,931	3,644,733
Finance cost	29	<u>(166,705)</u>	<u>(105,079)</u>	<u>(73,938)</u>
(LOSS)/PROFIT BEFORE TAXATION		(19,003,422)	88,442,852	3,570,795
Taxation	30	<u>(1,859,809)</u>	<u>2,716,730</u>	<u>(1,179,326)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(20,863,231)</u>	<u>91,159,582</u>	<u>2,391,469</u>
EARNINGS PER SHARE - BASIC AND DILUTED	31	<u>(10.43)</u>	<u>45.58</u>	<u>1.20</u>

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


CHIEF EXECUTIVE



DIRECTOR

ZAFAR SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees (Re-stated)	2020 Rupees (Re-stated)
(Loss)/profit for the year	(20,863,231)	91,159,582	2,391,469
Items that will not be reclassified subsequently to the statement of profit or loss			
Gain/(loss) on investment categorised as fair value through other comprehensive income	678,550	263,747	(390,343)
Less: Deferred tax thereon	(196,779)	(57,365)	84,900
Less: Deferred tax rate change	(943,347)	-	-
	(461,576)	206,382	(305,443)
Items that may be reclassified subsequently to the statement of profit or loss	-	-	-
Other comprehensive (loss)/income for the year	(461,576)	206,382	(305,443)
Total comprehensive (loss)/income for the year	<u>(21,324,807)</u>	<u>91,365,964</u>	<u>2,086,026</u>

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


CHIEF EXECUTIVE


DIRECTOR

ZAFAR SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation		(19,003,422)	88,442,852	3,370,795
Adjustments of items not involving movements of cash:				
Depreciation	6	5,069,931	4,594,156	4,802,244
Amortization		100,000	-	-
Loss/(gain) on remeasurement of investment	13	13,380,167	(16,947,566)	3,270,046
Provision/(reversal) for doubtful debts		1,575,580	(5,269,864)	(2,057,792)
Short term lease payments		4,882,668	4,487,748	-
Gain on settlement of long term advances		-	(2,868,433)	-
(Gain)/loss on sale of fixed asset		(448,549)	64,472	-
		<u>24,339,797</u>	<u>(15,939,487)</u>	<u>6,014,498</u>
Operating cash Flows Before Working capital changes		5,556,375	72,503,365	9,385,293
(Increase)/Decrease in Working Capital				
(Increase)/decrease in current assets				
Account receivables		16,227,797	(15,978,950)	(13,643,666)
Loan and Advances		(3,233,788)	(244,816)	1,797,270
Trade deposits and short term prepayments		70,888,994	(103,507,486)	(22,011,257)
Accrued interest		-	-	18,498
Increase/(decrease) in current liabilities				
Deposits, accrued liabilities and advances		(2,399,483)	1,291,237	1,110,785
Trade and other payables		(169,656,954)	183,044,052	63,281,838
		<u>(88,173,434)</u>	<u>64,604,037</u>	<u>30,553,468</u>
Cash (Used In)/Generated From Operations		(82,617,059)	137,107,402	40,138,761
Short term lease payments		(4,882,668)	(4,487,748)	-
Taxes paid		(2,738,750)	(2,163,799)	(1,811,403)
		<u>(7,621,418)</u>	<u>(6,651,547)</u>	<u>(1,811,403)</u>
Net Cash (Used In)/Generated From Operations		(90,238,477)	130,455,855	38,327,358
CASH FLOWS FROM INVESTING ACTIVITIES				
Fixed capital expenditure		(23,900,675)	(9,039,636)	(2,149,483)
Intangible assets purchased		(5,050,000)	(3,241,763)	-
Short term investments - net		14,136,273	(4,390,009)	191,176
Proceeds from sale of fixed asset		3,983,400	1,300,000	-
Long term investment		(3,375,890)	-	-
Long term advances refunded		-	38,743,500	-
Long term deposits		-	170,000	39,064
Net Cash Flows From Investing Activities		(14,206,892)	23,542,092	(1,919,243)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan repaid to directors - net		-	(15,870,364)	-
Net Cash Flows From Financing Activities		-	(15,870,364)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(104,445,369)	138,127,583	36,408,115
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		241,415,124	103,287,541	66,879,426
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>136,969,755</u>	<u>241,415,124</u>	<u>103,287,541</u>
A Cash and Cash Equivalents				
Cash and bank balances	15	<u>136,969,755</u>	<u>241,415,124</u>	<u>103,287,541</u>

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

CHIEF EXECUTIVE

DIRECTOR

ZAFAR SECURITIES (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Paid up capital	Revenue Reserves	Fair value adjustment reserve	Un-appropriated profit	Sub Total	Long Term Loan	Total
	(R u p e e s)						
Balance as at June 30, 2019 (Re-stated)	200,000,000	22,000,000	10,230,702	(52,375,074)	179,905,628	-	179,905,628
Profit after taxation	-	-	-	2,391,469	2,391,469	-	2,391,469
Other comprehensive income (Re-stated)	-	-	(305,443)	-	(305,443)	-	(305,443)
Total comprehensive income for the year (Re-stated)	-	-	(305,443)	2,391,469	2,086,026	-	2,086,026
Balance as at June 30, 2020 (Re-stated)	200,000,000	22,000,000	9,925,259	(49,983,605)	181,991,654	-	181,991,654
Long term loan received	-	-	-	-	-	10,000,000	10,000,000
Profit after taxation	-	-	-	91,159,582	91,159,582	-	91,159,582
Other comprehensive income (Re-stated)	-	-	206,382	-	206,382	-	206,382
Total comprehensive income for the year (Re-stated)	-	-	206,382	91,159,582	91,365,964	-	91,365,964
Balance as at June 30, 2021 (Re-stated)	200,000,000	22,000,000	10,131,641	41,175,977	273,357,618	10,000,000	283,357,618
Loss after taxation	-	-	-	(20,863,231)	(20,863,231)	-	(20,863,231)
Other comprehensive income	-	-	(461,576)	-	(461,576)	-	(461,576)
Total comprehensive loss for the year	-	-	(461,576)	(20,863,231)	(21,324,807)	-	(21,324,807)
Long term loan adjusted during the year	-	-	-	-	-	(10,000,000)	(10,000,000)
Balance as at June 30, 2022	200,000,000	22,000,000	9,720,065	20,312,746	252,032,811	-	252,032,811

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

CHIEF EXECUTIVE

DIRECTOR

ZAFAR SECURITIES (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 COMPANY AND ITS OPERATION

- 1.1** Zafar Securities (Private) Limited ("the Company") was incorporated on June 28, 1999 as a private limited Company under the repealed Companies Ordinance, 1984 (now The Companies Act, 2107). The Company is principally engaged in the business of brokerage, financial consultancy, underwriting, portfolio management/acquisition of securities and securities research. The registered office of the Company is situated at 5th Floor, Room # 519, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore Stock Exchange Building, Lahore.

The company is Trading Right Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange (PSX) and registered as "Trading and Self Clearing" with PSX. It has also acquired membership of Pakistan Merchantile Exchange Limited. The Principle activity of the Company is financial consultancy, brokerage, underwriting, portfolio management/acquisition of securities and securities research.

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 of:

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


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

2.2 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies. Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.



2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Useful lives, depreciation methods and residual values of property and equipment
- Useful lives, amortisation methods and residual values of intangible assets
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Provision for doubtful account receivables/ECLs
- Provision for current and deferred taxation

3 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS:

3.1 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the year:

There were certain amendments to accounting and reporting standards which became effective for the company for the current year. However, these are considered not to be relevant or to have any significant impact on the company's financial reporting and, therefore, have not been disclosed in these financial statements.

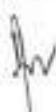
3.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2022:

There are certain amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY AND EQUIPMENT

Items of property, plant and equipment other than land, leasehold improvements and capital work in progress are measured at cost less accumulated depreciation and accumulated impairments (if any).



Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized.

Gains and losses on disposal of assets, if any, are included in profit or loss.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, the key assumptions used to determine the fair value of property, plant and equipment are provided in relevant note to the financial statements.

4.2 INTANGIBLE ASSETS

Intangible assets with infinite useful life are stated at cost less impairment, if any. Intangible assets with finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount.

4.2.1 Membership card and offices

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.

4.2.2 Computer Software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized is charged using straight line method.

Amortization is charged when asset is available for use until asset is disposed off.

4.3 Financial instruments

4.3.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets/mutual funds are measured at fair value initially and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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.

4.3.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

4.3.3 Off-setting of financial assets and financial liabilities


A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable 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.

4.4 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognised in the statement of profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss.

4.5 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts and other receivables is described in note 4.3.



4.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of statement of cashflows and cash equivalents comprise cash in hand, bank balances and running finances from financial institutions.

4.7 SHARE CAPITAL

Ordinary shares are classified as equity and recognized at their face value.

4.8 BORROWINGS

Borrowings are recorded initially at fair value, net of transaction cost incurred.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that qualifying asset.

4.9 TAXATION

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred


Deferred tax is recognized using the liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

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

4.10 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at cost, which is the fair value of the consideration to be paid, in the future for goods and services received and subsequently measured at amortized cost. 

4.11 PROVISIONS

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.12 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchange rate ruling at the date of transaction.


Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

4.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of non-financial assets other than inventories, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised as an expense in the profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.



4.14 REVENUE RECOGNITION

Revenue is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts and sales tax. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the profit or loss in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

4.15 BASIC AND DILUTED EARNINGS PER SHARE


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

4.16 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

4.17 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.



6 Property and equipment

Particulars	Cost			Depreciation			W.D.V.
	As at June 30, 2021	Additions	(Deletions)	As at June 30, 2022	Rate %	As at June 30, 2021	As at June 30, 2022

R u p e e s

R u p e e s

OWNED

Land	-	19,700,000	-	19,700,000	-	-	19,700,000
Office premises	670,000	-	-	670,000	5	65,325	95,559
Office equipment	4,325,079	260,484	-	4,585,563	15	3,283,280	3,463,217
Computers	6,783,171	937,438	-	7,720,609	30	5,263,407	5,879,036
Electric equipment	7,408,178	195,894	-	7,604,072	15	6,094,080	6,315,299
Furniture and fixture	5,982,321	508,029	-	6,490,350	15	5,030,193	5,234,234
Motor vehicles	429,104	334,400	-	763,504	30	186,965	324,927
Other vehicles	53,363,749	1,874,430	(10,550,000)	44,688,179	15	29,377,341	25,993,101
	78,961,602	23,900,675	(10,550,000)	92,312,277		49,250,591	47,305,373
						5,069,931	45,006,904

6.1 Property and equipment

Particulars	Cost			Depreciation			W.D.V.
	As at June 30, 2020	Additions	(Deletions)	As at June 30, 2021	Rate %	As at June 30, 2020	As at June 30, 2021

R u p e e s

R u p e e s

OWNED

Office Premises	670,000.00	-	-	670,000	5	33,500.00	31,825	65,325	604,675
Office equipment	3,844,579	480,500	-	4,325,079	15	3,121,573	161,707	3,283,280	1,041,799
Computers	5,953,353	827,818	-	6,783,171	30	4,820,400	443,007	5,263,407	1,519,764
Electric equipment	7,336,778	71,400	-	7,408,178	15	5,864,181	229,899	6,094,080	1,314,098
Furniture and fixture	5,950,321	32,000	-	5,982,321	15	4,864,994	165,199	5,030,193	952,128
Motor vehicles	243,204	165,900	-	429,104	30	35,801	81,164	136,965	292,139
Other vehicles	48,871,731	7,442,018	(2,950,000)	53,363,749	15	27,481,514	3,481,355	(1,585,528)	29,377,341
	72,871,966	9,039,636	(2,950,000)	78,961,602		46,241,963	4,594,156	(1,585,528)	29,711,011

Note

6.2 Allocation of Depreciation

Operating expenses

26

2022 2021

Rupees Rupees

5,069,931 4,594,156

6.3 Vehicle # LEF-14-8692 (Honda City) having cost amounting Rs.1,500,000 is still in the process of registration in the name of the company due to procedural delay by the respective department.

for

	Note	2022 Rupees	2021 Rupees	2020 Rupees
7 INTANGIBLE ASSETS				
Rights of rooms		17,639,136	12,589,136	9,839,040
Trading right entitlement certificate PSX	7.1	2,500,000	2,500,000	2,500,000
Membership of Pakistan Mercantile Exchange Limited		2,500,000	2,500,000	2,500,000
Membership of Royal Palm Country Club		400,000	400,000	400,000
Software	7.2	391,667	491,667	-
		<u>23,430,803</u>	<u>18,480,803</u>	<u>15,239,040</u>

7.1 This represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(9) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right Entitlement Certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business. It has been carried at cost less impairment.

	Note	2022 Rupees	2021 Rupees	2020 Rupees
7.2 Computer Software				
Cost:				
Balance as at July 01,		500,000	-	-
Additions during the year		-	500,000	-
Balance as at June 30,		500,000	500,000	-
Amortization:				
Balance as at July 01,		8,333	-	-
Charge for the year		100,000	8,333	-
Balance as at June 30,		108,333	8,333	-
Net book value		<u>391,667</u>	<u>491,667</u>	<u>-</u>
Rate of amortization		<u>20%</u>	<u>20%</u>	<u>20%</u>

8 LONG TERM INVESTMENT

Unquoted - Shares of LSE Financial Services Limited: Investment at fair value through OCI

Cost as at July 01,		5,100,000	5,100,000	5,100,000
Add: Share purchased during the year		3,375,890	-	-
	8.1	8,475,890	5,100,000	5,100,000
Fair value adjustment		<u>13,690,232</u>	<u>13,011,682</u>	<u>12,747,935</u>
		<u>22,166,122</u>	<u>18,111,682</u>	<u>17,847,935</u>

8.1 This represents the investment in 1,181,563 (2021: 843,974) unquoted ordinary shares of M/s. LSE Financial Services Limited. The Company has pledged 1,181,563 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used was Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate @ 17.41% and growth rate @ 14.66% and risk free rate @ 10.67%. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

	Note	2022 Rupees	2021 Rupees Re-stated	2020 Rupees Re-stated
9 LONG TERM DEPOSITS				
Deposits with:				
National Clearing Company of Pakistan Ltd.		1,400,000	1,400,000	1,400,000
Pakistan Mercantile Exchange Ltd.		750,000	750,000	750,000
Central Depository Company of Pakistan Ltd.		100,000	100,000	100,000
Others		-	-	170,000
		<u>2,250,000</u>	<u>2,250,000</u>	<u>2,420,000</u>

	Note	2022 Rupees	2021 Rupees	2020 Rupees
10 LONG TERM ADVANCES				
Advance against purchase of land and building	10.1	4,502,056	4,502,056	40,377,123
		<u>4,502,056</u>	<u>4,502,056</u>	<u>40,377,123</u>

10.1 This advance had been paid against purchase of land and building. The related agreement had been executed in the name of Mr. Syed Asim Zafar, the Chief Executive of the company. The possession and title of the property will be transferred with the company after making full settlement to the respective entity.

		2022 Rupees	2021 Rupees	2020 Rupees
11 ACCOUNT RECEIVABLES				
Receivable from:				
Clients on account of purchase of shares		30,706,210	74,527,241	36,319,004
Less: Provision for doubtful debts	11.1	(3,150,640)	(1,575,060)	(6,844,924)
		<u>27,555,570</u>	<u>72,952,181</u>	<u>29,474,080</u>
National Clearing Company of Pakistan Ltd.		27,593,234	-	22,229,287
		<u>55,148,804</u>	<u>72,952,181</u>	<u>51,703,367</u>

11.1 Movement is as follows

Opening balance	1,575,060	6,844,924	10,940,667
Less: Balances written off	-	-	(2,037,951)
	<u>1,575,060</u>	<u>6,844,924</u>	<u>8,902,716</u>
Add: Provision/(reversal) made during the year	1,575,580	(5,269,864)	(2,057,792)
	<u>3,150,640</u>	<u>1,575,060</u>	<u>6,844,924</u>

11.2 Aging analysis

Upto five days	39,387,046	52,409,555	6,412,066
More than five days	15,761,758	20,542,626	45,291,301
	<u>55,148,804</u>	<u>72,952,181</u>	<u>51,703,367</u>

11.3 Receivable from clients on account of purchase of shares include the following balances due from the following related parties:

Name of related party	Basis of relationship	Maximum aggregate amount Rupees	2022 Rupees	2021 Rupees	2020 Rupees
Mr. Syed Asim Zafar	Chief Executive	5,950,876	57,822	-	-
Mr. Syed Muhammad Zafar	Director	3,385	3,385	-	-
Mrs. Saima Zafar	Director	403,456	11,586	9,634	234,186
			<u>72,793</u>	<u>9,634</u>	<u>234,186</u>

12 LOANS AND ADVANCES

(Un-secured but considered good)

Advances to:

Employees	6,786,772	3,552,984	3,308,168
-----------	-----------	-----------	-----------

13 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment in listed securities

Cost	49,758,067	46,946,774	45,826,811
(Loss)/gain on remeasurement of investment at fair value	(13,380,167)	16,947,566	(3,270,046)
	<u>36,377,900</u>	<u>63,894,340</u>	<u>42,556,765</u>

	2022 Rupees
13.1 Movement in fair value reserve:	
Opening balance	16,947,566
Unrealized gain transferred on disposal	(8,169,607)
Deficit on re-measurement of investment	(22,158,126)
	<u>(13,380,167)</u>

13.2 This includes shares having carrying value of Rs. 27,814,344 (2021: Rs. 24,533,103) pledged with National Clearing Company of Pakistan Limited.

	Note	2022 Rupees	2021 Rupees	2020 Rupees
14 TRADE DEPOSITS, SHORT TERM REPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES				
Deposits with:				
National Clearing Company of Pakistan Ltd.	14.1	61,283,513	134,240,000	33,590,000
Pakistan Mercantile Exchange Ltd.		6,840,906	5,200,598	2,719,240
Security deposit against offices		170,000	170,000	-
		<u>68,294,419</u>	<u>139,610,598</u>	<u>36,309,240</u>
Tax deducted at source		1,120,326	-	7,570,395
Prepayments		77,878	206,635	35,535
Sales tax receivable		809,806	253,864	218,836
		<u>70,302,429</u>	<u>140,071,097</u>	<u>44,134,006</u>

14.1 This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 5% to 10% (2021: 3% to 6%) per annum.

	Note	2022 Rupees	2021 Rupees	2020 Rupees
15 CASH AND BANK BALANCES				
These were held as under:				
Cash in hand		128,572	169,972	181,427
Cash at bank				
Current Accounts:				
Pertaining to brokerage house	15.1	469,583	22,015,905	10,917,921
Pertaining to clients		130,244,481	208,120,613	89,459,304
		<u>130,714,064</u>	<u>230,136,518</u>	<u>100,377,225</u>
Saving Accounts:				
Pertaining to brokerage house	15.2	524,691	10,314,554	402,640
Pertaining to clients	15.2	5,602,428	794,080	2,326,249
		<u>6,127,119</u>	<u>11,108,634</u>	<u>2,728,889</u>
		<u>136,969,755</u>	<u>241,415,124</u>	<u>103,287,541</u>

15.1 This includes balance amounting Rs. 108,513 (2021: Rs. 277,163) pertaining to proprietary account in Pakistan Mercantile Exchange Limited.

15.2 It carries markup @ 5% to 11% (2021: 5% to 10%) per annum.

15.3 Running Finance facility amounting Rs. 100.00 million from Bank Al Habib Limited remained unutilized during the year.

	Note	2022 Rupees	2021 Rupees	2020 Rupees
16 SHARE CAPITAL				
Authorized				
3,000,000 (2021: 3,000,000) ordinary shares of Rs.100 each		<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up				
2,000,000 (2021: 2,000,000) ordinary shares of Rs.100 each fully paid in cash		<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>

Handwritten signature

16.1 Pattern of Shareholding:

Categories of shareholders	% age of Shares Held			Number of Shares Held		
	2022	2021	2020	2022	2021	2020
Individual						
Chief Executive officer						
Syed Asim Zafar	79.9998%	79.99995%	79.99995%	1,599,996	1,599,999	1,599,999
Directors:						
Syed Muhammad Zafar	0.00005%	0%	0%	1	-	-
Dr. Shahid Azeez Zia	0.00005%	0%	0%	1	-	-
Ahsan Masood	0.00005%	0%	0%	1	-	-
Saima Zafar	0.00005%	0.00005%	0.00005%	1	1	1
Shareholder						
Syeda Khola Hussain	20.0000%	20.0000%	20.0000%	400,000	400,000	400,000
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

17 FAIR VALUE ADJUSTMENT RESERVE

This represents accumulated gain on investment at fair value through OCI.

	Note	2022 Rupees	2021 Rupees	2020 Rupees
18 LONG TERM LOAN FROM RELATED PARTY				
Loan from Mrs. Saima Zafar - Director	18.2	-	10,000,000	-
18.1 Movement during the year				
Opening balance		10,000,000	10,000,000	-
Transferred to current liabilities		(10,000,000)	-	-
		<u>-</u>	<u>10,000,000</u>	<u>-</u>

18.2 This represents interest free and un-secured loan obtained from the director of the company. The loan is subordinated to all other debts of the company. The loan is repayable at discretion of the company. The company has decided to pay it back within next twelve months from the reporting date.

	Note	2022 Rupees	2021 Rupees Re-stated	2020 Rupees Re-stated
19 DEFERRED TAXATION				
Deferred credits/(debits) arising due to:				
Gain on long term investment		3,970,167	2,830,041	2,772,676
Accelerated tax depreciation		(409,200)	417,491	159,876
Provision for doubtful debts		(913,684)	(396,327)	(1,938,214)
Un-used tax losses		(10,886,655)	(12,865,374)	(29,700,907)
Minimum taxes paid		(1,113,544)	-	-
Loss on short term investment - net		(9,788,925)	(9,184,128)	(490,507)
Alternate corporate taxes paid		(10,963,338)	(10,963,338)	(1,558,555)
Deferred tax asset not recognized		21,865,807	20,147,466	33,528,307
		<u>(8,239,372)</u>	<u>(10,014,169)</u>	<u>2,772,676</u>
Balance as at July 01,		(10,014,169)	2,772,676	2,857,576
Add: Charge/ (reversal) for the year in profit or loss		634,671	(12,844,210)	-
Add: Charge/ (reversal) for the year in other comprehensive income		1,140,126	57,365	(84,900)
		<u>(8,239,372)</u>	<u>(10,014,169)</u>	<u>2,772,676</u>

19.1 At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 34.07 million (2021: Rs.33.41 million). However, deferred tax asset related to capital losses, minimum taxes, alternate corporate taxes amounting Rs. 21.86 million have not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2023.

19.2 Alternate corporate tax would expire as follows:

Accounting year to which Alternate corporate tax relates	Amount of Alternate corporate taxes (Rupees)	Accounting year in which Alternate corporate tax will expire
2020	1,025,607	2030
2021	9,937,731	2031

19.3 Business losses would expire as follows:

Accounting year to which business loss relates	Amount of business losses (Rupees)	Accounting year in which business loss will expire
2018	6,531,744	2024
2019	31,018,444	2025

19.4 Capital losses will expire as follows:

Accounting year to which business loss relates	Amount of losses (Rupees)	Accounting year in which business loss will expire
2020	46,741,188	2023
2021	5,118,144	2025

19.5 Minimum tax would expire as follows:

2021	1,113,544	2025
------	-----------	------

	Note	2022 Rupees	2021 Rupees	2020 Rupees
20 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES				
Accrued expenses		1,301,378	3,700,861	2,409,624
21 TRADE AND OTHER PAYABLES				
Creditors for sale of shares on behalf of clients	20.1 & 20.2	144,853,913	303,633,823	133,862,440
Payable to National Clearing Company of Pakistan Ltd.		-	9,871,755	-
Sales tax payable (PRA)		844,095	1,967,839	463,803
Provincial workers welfare fund payable		1,842,422	1,842,422	73,565
Tax deducted at source payable		288,288	155,333	59,822
Other liabilities		18,010	32,510	-
		<u>147,846,728</u>	<u>317,503,682</u>	<u>134,459,630</u>

21.1 The total value of securities pertaining to clients are Rs. 3,493,912,626 (2021: Rs. 4,252,869,871) held in sub-accounts of the company. No client security is pledged with the financial institutions except with National Clearing Company of Pakistan Ltd. amounting Rs. 38,985,605 (2021: Rs. 76,365,362) for exposure margin.

21.2 Creditors for sale of shares on behalf of clients include the following amount due from the following related parties:

Name of related party	Basis of relationship	2022 Rupees	2021 Rupees	2020 Rupees
Mr. Syed Asim Zafar	Chief Executive	14,364	23,006	150,965
Mr. Dr. Shahid Azeez Zia	Director	26,898	-	-
Mrs. Syeda Kholi Hussain	Shareholder	-	65,691	11,330
		<u>41,262</u>	<u>88,697</u>	<u>162,295</u>

	Note	2022 Rupees	2021 Rupees	2020 Rupees
22 LOAN FROM RELATED PARTIES				
Unsecured and interest free				
Mr. Syed Asim Zafar	Chief Executive	22.1	-	5,870,364
Mrs. Salma Zafar	Director	22.2 & 22.3	-	20,000,000
		<u>10,000,000</u>	<u>-</u>	<u>25,870,364</u>
22.1 Loan from Mr. Syed Asim Zafar				
Balance as at July 01,		-	5,870,364	5,870,364
Add: Loan received during the year		-	-	-
		<u>-</u>	<u>5,870,364</u>	<u>5,870,364</u>
Less: Adjustment/repayment during the year		-	5,870,364	-
		<u>-</u>	<u>-</u>	<u>5,870,364</u>
22.2 Loan from Mrs. Salma Zafar				
Balance as at July 01,		-	20,000,000	20,000,000
Transferred from non current liabilities	18	10,000,000	-	-
Add: Loan received during the year		-	-	-
		<u>10,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Less: Repayment during the year		-	10,000,000	-
Less: Transferred to long term loans		-	10,000,000	-
		<u>10,000,000</u>	<u>-</u>	<u>20,000,000</u>

22.3 This represented interest free and un-secured loan obtained from the director of the company to meet the working capital requirements. This loan was subordinated to all other debts of the company and has been repaid/adjusted during the year. During the year, the company has transferred long term loan as referred to note 18 to the financial statements.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

Contingencies as at reporting date were Rs. nil (2021: Rs. nil).

23.2 Commitments

Commitments in respect of capital expenditures as at June 30, 2022 were amounting Rs. 1.73 million (2021: Rs. 1.73 million).

	Note	2022 Rupees	2021 Rupees	2020 Rupees
24 BROKERAGE AND COMMISSION				
Brokerage and commission - Gross	24.1	82,639,290	109,332,154	45,064,348
Less: Sales tax		<u>11,357,593</u>	<u>14,937,878</u>	<u>6,188,289</u>
		<u>71,281,697</u>	<u>94,394,276</u>	<u>38,876,059</u>

24.1 Brokerage and commission includes the following amounts of commission earned from related parties:

Name of related party	Basis of relationship	Note	2022 Rupees	2021 Rupees	2020 Rupees
Mr. Syed Asim Zafar	Chief Executive		10,596	2,781	80
Ms. Salma Zafar	Director		3,692	20,303	-
Mr. Dr. Shahid Azeem Zia	Director		38,372	-	-
Mrs. Syeda Khola Hussain	Shareholder		-	1,634	700
			<u>52,660</u>	<u>24,718</u>	<u>780</u>

25 DIRECT COSTS

Charges paid to/against:

Pakistan Stock Exchange Ltd.	2,386,354	3,673,910	4,973,374
National Clearing Company of Pakistan Ltd.	1,464,804	2,551,654	1,114,056
Central Depository Company of Pakistan Ltd.	3,303,909	3,774,405	2,845,581
SECP Transaction Fee	278,472	501,838	230,858
Commission expenses	<u>10,720,150</u>	<u>-</u>	<u>3,067,524</u>
	<u>18,153,689</u>	<u>10,501,807</u>	<u>12,731,393</u>

	Note	2022 Rupees	2021 Rupees	2020 Rupees
26 OPERATING EXPENSES				
Directors' remuneration		7,250,000	7,825,248	3,750,000
Staff salaries and benefits		29,693,444	22,227,059	17,858,717
Rent, rates and taxes	26.1	5,135,487	4,955,770	2,612,294
Communication expenses		2,530,721	1,933,389	1,308,944
Utility charges		1,764,603	1,247,645	1,631,329
Postage and courier charges		179,104	152,906	160,035
Printing and stationery		224,798	694,316	454,318
Repair and maintenance		5,172,855	4,516,699	4,393,163
Insurance		425,558	444,709	464,360
Legal and professional charges	26.2	1,120,574	1,023,972	1,071,374
Fee and subscription		379,241	704,937	230,700
Charity and donation		1,252,717	1,897,000	1,022,000
Books and newspapers		52,362	49,839	7,099
Entertainment		2,198,473	3,157,536	2,644,042
Travelling and conveyance		1,286,591	751,444	465,734
Advertisement expense		636,530	-	-
Vehicle running and maintenance		1,297,609	1,419,285	1,371,575
Depreciation	6	5,069,931	4,594,156	4,802,244
Amortization	7.2	100,000	8,333	-
Others		699,721	616,108	654,135
		<u>66,470,319</u>	<u>58,220,351</u>	<u>44,902,063</u>

26.1 This includes short term lease (rental) payments of the premises amounting Rs. 4,882,668 (2021: Rs. 4,487,748)

26.2 Auditor's remuneration

The audit fee and remuneration for other services included in the financial statements is as follows:

	Note	2022 Rupees	2021 Rupees	2020 Rupees
Amin, Mudassar & Co.				
Chartered Accountants				
Audit Services				
Statutory audit		290,000	270,000	231,000
Non-Audit Services				
Certification fee		151,686	161,750	143,924
		<u>441,686</u>	<u>431,750</u>	<u>374,924</u>

27 OTHER OPERATING EXPENSES

Loss on disposal of fixed assets	-	64,472	-
Loss on remeasurement of investment at fair value through profit or loss	22,158,126	-	3,270,046
Provincial workers' welfare fund	-	1,768,857	73,565
Balances written off	-	-	1,133,821
Provision for doubtful debts	1,575,580	-	-
	<u>23,733,706</u>	<u>1,833,329</u>	<u>4,477,432</u>

28 OTHER INCOME

Income from financial assets

Dividend income	3,933,666	1,595,973	1,024,787
Interest income	13,145,409	10,935,234	10,393,469
Gain on sale of fixed asset	448,549	-	-
Gain on remeasurement of investment at fair value through profit or loss	-	16,947,566	-
Reversal of provision of doubtful debts	-	5,269,864	2,057,792
	<u>17,527,624</u>	<u>34,748,637</u>	<u>13,476,048</u>

Income from assets other than financial assets

Gain on settlement of long term advances	28.1	-	2,868,433	-
IPO Commission		11,027	5,346	-
Other income		672,999	1,103,630	2,458,600
		<u>684,026</u>	<u>3,977,409</u>	<u>2,458,600</u>
		<u>18,211,650</u>	<u>38,726,046</u>	<u>15,934,648</u>

28.1 This represented gain on settlement of long term advances of Mr. Syed Asim Zafar - Chief Executive.

	Note	2022 Rupees	2021 Rupees	2020 Rupees
29 FINANCE COST				
Bank charges		166,705	105,079	73,938
		<u>166,705</u>	<u>105,079</u>	<u>73,938</u>
30 TAXATION				
Income tax:				
-Current		1,618,424	10,127,480	1,179,326
-Prior year		(393,286)	-	-
-Deferred	19	634,671	(12,844,210)	-
		<u>1,859,809</u>	<u>(2,716,730)</u>	<u>1,179,326</u>

30.1 Income tax assessment of the Company has been finalized up to tax year 2021 on the basis of returns filed as the company did not receive any notice in this respect.

30.2 No numeric tax rate reconciliation is presented for the current and prior year in these financial statements as the company is either liable to pay tax under final tax regime or alternative corporate tax regime or minimum tax regime of Income Tax Ordinance, 2001.

31 EARNINGS PER SHARE - BASIC AND DILUTED

	2022	2021	2020
(Loss)/profit for the year-Rupees	<u>(20,863,231)</u>	<u>91,159,582</u>	<u>2,391,469</u>
Weighted average number of ordinary shares outstanding during the year-Numbers	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Earnings per share-Rupees	<u>(10.43)</u>	<u>45.58</u>	<u>1.20</u>

32 NUMBER OF EMPLOYEES

	2022	2021	2020
	(N u m b e r)		
Total number of employees at the end of year	<u>43</u>	<u>40</u>	<u>31</u>
Average number of employees at the year end	<u>45</u>	<u>38</u>	<u>29</u>

33 REMUNERATION TO EXECUTIVES, CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the executives, chief executive and directors of the company is as follows:

	Chief Executive			Directors		
	2022 Rupees	2021 Rupees	2020 Rupees	2022 Rupees	2021 Rupees	2020 Rupees
Gross remuneration	2,954,545	2,371,287	1,136,364	3,636,364	4,742,575	2,272,727
Medical allowance	295,455	237,129	113,636	363,636	474,257	227,273
Managerial remuneration	<u>3,250,000</u>	<u>2,608,416</u>	<u>1,250,000</u>	<u>4,000,000</u>	<u>5,216,832</u>	<u>2,500,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
	Executive					
	2022 Rupees	2021 Rupees	2020 Rupees			
Gross remuneration	1,286,364	1,388,555	1,181,818			
Medical allowance	128,636	138,855	118,182			
Managerial remuneration	<u>1,415,000</u>	<u>1,527,410</u>	<u>1,300,000</u>			
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>			

33.1 The Chief Executive and directors are entitled to free use of company's vehicles according to the company policy.

34 TRANSACTIONS WITH RELATED PARTIES

Significant transactions and balances with related parties have been disclosed in the relevant notes to the financial statements.

	2022 Rupees	2021 Rupees	2020 Rupees
35 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets and financial liabilities			
Financial assets			
At fair value through other comprehensive income			
Long term investment	22,166,122	18,111,682	17,847,935
At fair value through profit or loss			
Investment in listed securities	36,377,900	63,894,340	42,556,765
At amortized cost			
Long term deposits	2,250,000	2,250,000	2,420,000
Trade debts	55,148,804	72,952,181	51,703,367
Trade deposits and other receivables	68,294,419	139,610,598	36,309,240
Cash and bank balances	136,969,755	241,415,124	103,287,541
	<u>262,662,978</u>	<u>456,227,903</u>	<u>193,720,148</u>
Financial liabilities			
At amortized cost			
Deposits, accrued liabilities and advances	1,301,378	3,700,861	2,409,624
Loan from related party	10,000,000	-	25,870,364
Trade and other payables	144,871,923	313,538,088	133,862,440
	<u>156,173,301</u>	<u>317,238,949</u>	<u>162,142,428</u>

36 FINANCIAL RISK MANAGEMENT

- 36.1 The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/ mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

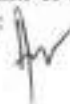
a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to Credit Risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities and other receivables etc. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:



	Note	2022 Rupees	2021 Rupees	2020 Rupees
Long term deposits		2,250,000	2,250,000	2,420,000
Trade debts	34.1.1	55,148,804	72,952,181	51,703,367
Trade deposits and other receivables		68,294,419	139,610,598	36,309,240
Bank balances	34.1.2	136,841,183	241,245,152	103,106,114
		<u>262,534,406</u>	<u>456,057,931</u>	<u>193,538,721</u>

34.1.1 The maximum exposure to credit risk for trade debts is due from local clients and the aging of trade debts at the reporting date was:

	2022 Rupees	2021 Rupees	2020 Rupees
Upto 1 month	55,993,711	67,712,991	35,899,769
1 to 6 months	811,399	3,127,616	16,604,705
More than 6 months	1,494,334	3,686,634	6,043,817
	<u>58,299,444</u>	<u>74,527,241</u>	<u>58,548,291</u>
Less: Provision for doubtful debt	<u>(3,150,640)</u>	<u>(1,575,060)</u>	<u>(6,844,924)</u>
	<u>55,148,804</u>	<u>72,952,181</u>	<u>51,703,367</u>

Based on the past experience the management believes that no further allowance for doubtful debts is necessary in respect of unprovided past due amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

34.1.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Geographically there is no concentration of credit risk.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2022 Rupees	2021 Rupees
	Short Term	Long Term			
Bank Al Habib Limited	A1+	AAA	PACRA	111,030,809	157,810,255
MCB Bank Limited	A1+	AAA	PACRA	6,353,779	14,310,649
Bank Alfalah Limited	A1+	AAA	PACRA	1,304,142	2,069,597
Allied Bank Limited	A1+	AAA	PACRA	72,454	12,145,472
Meezan Bank Limited	A-1+	AAA	VIS	11,479,376	27,739,678
First Women Bank Limited	A2	A-	PACRA	1,441,241	27,169,501
Habib Bank Limited	A-1+	AAA	VIS	5,159,382	-
				<u>136,841,183</u>	<u>241,245,152</u>

b) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations 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, including expected interest payments and excluding the impact of netting agreements:

	2022			
	Carrying Amount	Contractual Cash Flows	Maturity Upto One Year	Maturity After One Year
	R u p e e s			
Deposits, accrued liabilities and advances	1,301,378	1,301,378	1,301,378	-
Trade and other payables	144,871,923	144,871,923	144,871,923	-
Loan from related party	10,000,000	10,000,000	10,000,000	-
	<u>156,173,301</u>	<u>156,173,301</u>	<u>156,173,301</u>	<u>-</u>

2021			
Carrying Amount	Contractual Cash Flows	Maturity Upto One Year	Maturity After One Year
-----R u p e e s-----			
Deposits, accrued liabilities and advances	3,700,861	3,700,861	-
Trade and other payables	313,538,088	313,538,088	-
	317,238,949	317,238,949	-

Liquidity Risk Management

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 company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of liquidity ratios. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

e) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's net profit or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

i) Foreign Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

ii) Price Risk

Price risk represents the risk that the fair value 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 specific cap and floor rate. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment.

Sensitivity Analysis

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

	Fair Value		Hypothetical Price Change	Estimated Fair Value After Hypothetical Change In Price	Hypothetical Increase / (Decrease) in Share Holders' Equity
	Rupees			Rupees	Rupees
June 30, 2022	36,377,900	10% increase		40,015,690	3,637,790
		10% decrease		32,740,110	(3,637,790)
June 30, 2021	63,894,340	10% increase		70,283,774	6,389,434
		10% decrease		57,504,906	(6,389,434)

iii) Interest Rate Risk

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The effective interest / mark-up rates in respect of financial instruments are mentioned in respective notes to the financial statements.

Sensitivity Analysis

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have increased profit before tax by Rs.674,106 (2021: Rs.1,453,486). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

36.2 Fair value of financial instruments

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.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or periodically reprised.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The assets and liabilities that are measured at fair value on recurring and non-recurring basis have been disclosed in the relevant notes to the financial statements, if any.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2022		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets			
At fair value through profit or loss			
Investment in listed securities (on recurring basis)	36,377,900	-	-
At fair value through other comprehensive income			
Long term investment (on recurring basis)	-	-	22,166,122
	<u>36,377,900</u>	<u>-</u>	<u>22,166,122</u>

	2021		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets			
At fair value through profit or loss			
Investment in listed securities (on recurring basis)	63,894,340	-	-
At fair value through other comprehensive income			
Long term investment (on recurring basis)	-	-	18,111,682
	<u>63,894,340</u>	<u>-</u>	<u>18,111,682</u>

Although the company believes that its estimates of fair value for level 3 hierarchy are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on OCI	
	Favourable	(Unfavourable)
	-----Rupees-----	
June 30, 2022		
Long term investment	<u>221,661</u>	<u>(221,661)</u>
June 30, 2021		
Long term investment	<u>181,117</u>	<u>(181,117)</u>

36.2.1 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings:

	2022 Rupees	2021 Rupees
Total borrowings	10,000,000	-
Total equity	<u>252,032,811</u>	<u>283,357,618</u>
Total Capital	<u>262,032,811</u>	<u>283,357,618</u>
Gearing Ratio	<u>4%</u>	<u>0%</u>

37 OPERATING SEGMENT

37.1 These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

37.2 All non-current assets of the Company as at June 30, 2022 are located in Pakistan.

38 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. There were no significant reclassifications / restatements in these financial statements during the year except the following:

Reclassification from statement of Profit or Loss	Reclassification from statement of Profit or Loss	2021 Rupees
Other Income	Brokerage And Commission	7,088,664

39 LIQUID CAPITAL BALANCE

The liquid capital balance has been prepared on the basis of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	45,006,904	100.00%	-
1.2	Intangible Assets	23,430,803	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	Investment in Debt Securities			
	If listed then:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted then:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	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.	36,377,900	7,393,772	28,984,128
	ii. If unlisted, 100% of carrying value.	22,166,122	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker are not included in the investments of securities broker	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	2,250,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	61,283,513	-	61,283,513
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	1,368,204	100.00%	-
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	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	Receivables other than trade receivables	27,178,912	100.00%	-
	Receivables from clearing house or securities exchange(s)			
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MiM gains.	27,593,234	-	27,593,234
	ii) Receivable on entitlements against trading of securities in all markets including MTM gains.	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (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	-	5.00%	-
1.17	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	11,793,812	-	11,793,812
	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. v. Lower of net balance sheet value or value determined through adjustments	15,688,966	-	15,688,966
	vi. 100% haircut in the case of amount receivable from related parties.	72,792	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	994,274	108,513	885,761
	ii. Bank balance-customer accounts	135,846,909	-	135,846,909
	iii. Cash in hand	128,572	-	128,572
1.19	Total Assets	411,180,917		282,204,895
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	144,853,913	-	144,853,913
	Current Liabilities			
2.2	i. Statutory and regulatory dues	2,974,805	-	2,974,805
	ii. Accruals and other payables	1,319,388	-	1,319,388
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	10,000,000	-	10,000,000
	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	-	-	-
	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	-	-	-
2.3	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
	Subordinated Loans	-	-	-
2.4	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			
2.5	Total Liabilities	159,148,106		159,148,106
3. Ranking Liabilities Relating to:				
3.1	Concentration in Margin Financing The amount calculated client-to-client basis by which any amount receivable from any of the 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) <u>in the case of right issue:</u> if the market value of securities is less than or equal to the subscription price: the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) <u>in any other case:</u> 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	-	-	-
3.9	Opening Positions in futures and options i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-

fw

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Short sell positions			
3.10	i. Increase 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. Increase 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	-	-	-
		<u>252,032,811</u>		<u>123,056,789</u>
	Liquid Capital Balance			<u>123,056,789</u>



40 GENERAL

Figures have been rounded off to the nearest of rupee.

41 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 19 SEP 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR