

ZAFAR SECURITIES (PVT) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 (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, 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, 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.

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.

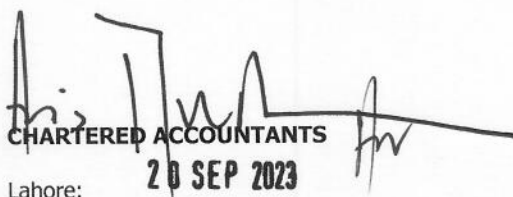
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

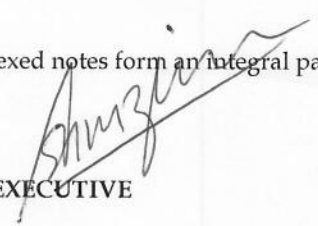

CHARTERED ACCOUNTANTS
20 SEP 2023
Lahore:

UDIN: AR202310082Ur8bGcX6B

ZAFAR SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	50,622,334	45,006,904
Intangible assets	6	23,607,168	23,430,803
Long term investment	7	12,609,530	22,166,122
Long term deposits	8	2,250,000	2,250,000
Deferred taxation	18	-	8,239,372
Long term advances	9	4,502,056	4,502,056
		<u>93,591,088</u>	<u>105,595,257</u>
CURRENT ASSETS			
Account receivables	10	32,694,069	55,148,804
Loan and advances	11	9,681,522	6,786,772
Investment at fair value through profit or loss	12	39,966,075	36,377,900
Trade deposits, short term prepayments and current account balance with statutory authorities	13	25,220,016	70,302,429
Cash and bank balances	14	101,455,931	136,969,755
		<u>209,017,613</u>	<u>305,585,660</u>
		<u>302,608,701</u>	<u>411,180,917</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid up capital	15	200,000,000	200,000,000
Revenue reserves			
General reserve		22,000,000	22,000,000
(Accumulated loss)/unappropriated profit		(9,585,111)	20,312,746
Capital reserve			
Fair value adjustment reserve	16	-	9,720,065
		<u>212,414,889</u>	<u>252,032,811</u>
NON CURRENT LIABILITIES			
Deferred taxation	18	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	19	1,417,665	1,301,378
Trade and other payables	20	88,776,147	147,846,728
Loan from related party	21	-	10,000,000
Provision for taxation		-	-
		<u>90,193,812</u>	<u>159,148,106</u>
CONTINGENCIES AND COMMITMENTS			
	22	-	-
		<u>302,608,701</u>	<u>411,180,917</u>

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, 2023

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	23	51,638,973	71,281,697
Capital (loss)/ gain on marketable securities		<u>(18,189,393)</u>	<u>27,650</u>
		33,449,580	71,309,347
Direct costs	24	<u>(12,930,464)</u>	<u>(18,153,689)</u>
		20,519,116	53,155,658
Operating expenses	25	<u>(72,349,824)</u>	<u>(66,470,319)</u>
Other operating expenses	26	<u>(6,864,047)</u>	<u>(23,733,706)</u>
Other income	27	<u>42,681,611</u>	<u>18,211,650</u>
		<u>(36,532,260)</u>	<u>(71,992,375)</u>
LOSS FROM OPERATIONS		(16,013,144)	(18,836,717)
Finance cost	28	<u>(217,497)</u>	<u>(166,705)</u>
LOSS BEFORE TAXATION		(16,230,641)	(19,003,422)
Taxation	29	<u>(13,667,216)</u>	<u>(1,859,809)</u>
LOSS FOR THE YEAR		<u><u>(29,897,857)</u></u>	<u><u>(20,863,231)</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED	30	<u><u>(14.95)</u></u>	<u><u>(10.43)</u></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, 2023

	2023 Rupees	2022 Rupees
Loss for the year	(29,897,857)	(20,863,231)
Items that will not be reclassified subsequently to the statement of profit or loss	-	-
Items that may be reclassified subsequently to the statement of profit or loss		
Gain on investment categorised as fair value through other comprehensive income	-	-
Reversal of accumulated gain on reclassification	(13,690,232)	678,550
Less: Deferred tax thereon	3,970,167	(196,779)
Less: Deferred tax due to rate change	-	(943,347)
	(9,720,065)	(461,576)
Other comprehensive loss for the year	(9,720,065)	(461,576)
Total comprehensive loss for the year	<u>(39,617,922)</u>	<u>(21,324,807)</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, 2023

Paid up capital	Revenue Reserves	Fair value adjustment reserve	Un-appropriated profit	Sub Total	Long Term Loan	Total
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Balance as at June 30, 2021	200,000,000	22,000,000	10,181,641	41,175,977	273,357,618	10,000,000	283,357,618
Profit after taxation	-	-	-	(20,863,231)	(20,863,231)	-	(20,863,231)
Other comprehensive loss	-	-	(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
Loss after taxation	-	-	-	(29,897,857)	(29,897,857)	-	(29,897,857)
Other comprehensive loss	-	-	(9,720,065)	-	(9,720,065)	-	(9,720,065)
Total comprehensive loss for the year	-	-	(9,720,065)	(29,897,857)	(39,617,922)	-	(39,617,922)
Balance as at June 30, 2023	200,000,000	22,000,000	-	(9,585,111)	212,414,889	-	212,414,889

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, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(16,230,641)	(19,003,422)
Adjustments of items not involving movements of cash:			
Depreciation	5	5,721,851	5,069,931
Amortization		164,884	100,000
Loss/(gain) on remeasurement of investment	12	8,685,321	13,380,167
Provision/(reversal) for doubtful debts		6,863,530	1,575,580
Short term lease payments		-	4,882,668
Loss/(gain) on remeasurement of long term investment		(4,133,640)	-
(Gain)/loss on sale of fixed asset		-	(448,549)
		<u>17,301,946</u>	<u>24,559,797</u>
Operating cash Flows Before Working capital changes		1,071,305	5,556,375
(Increase)/ Decrease in Working Capital			
(Increase)/ decrease in current assets			
Account receivables		15,591,206	16,227,797
Loan and Advances		(2,894,750)	(3,233,788)
Trade deposits and short term prepayments		47,221,763	70,888,994
Accrued interest		-	-
Increase/(decrease) in current liabilities			
Deposits, accrued liabilities and advances		116,287	(2,399,483)
Trade and other payables		(59,070,581)	(169,656,954)
		<u>963,924</u>	<u>(88,173,434)</u>
Cash (Used In)/Generated From Operations		2,035,229	(82,617,059)
Short term lease payments		-	(4,882,668)
Taxes paid		(3,597,026)	(2,738,750)
		<u>(3,597,026)</u>	<u>(7,621,418)</u>
Net Cash (Used In)/Generated From Operations		(1,561,797)	(90,238,477)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(12,187,500)	(23,900,675)
Intangible assets purchased		(341,250)	(5,050,000)
Short term investments - net		(12,273,496)	14,136,273
Proceeds from sale of fixed asset		850,219	3,983,400
Long term investment		-	(3,375,890)
Long term advances refunded		-	-
Long term deposits		-	-
Net Cash Flows From Investing Activities		(23,952,027)	(14,206,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repaid to directors - net		(10,000,000)	-
Net Cash Flows From Financing Activities		(10,000,000)	-
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(35,513,824)	(104,445,369)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		136,969,755	241,415,124
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>101,455,931</u>	<u>136,969,755</u>
A Cash and Cash Equivalents			
Cash and bank balances	14	<u>101,455,931</u>	<u>136,969,755</u>

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, 2023

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.

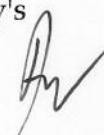
Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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
- 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 day in which an asset is ready to use while no depreciation is charged for the day 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 exchanges 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.



5 Property and equipment

Particulars	Cost				Depreciation				W.D.V.
	As at June 30, 2022	Additions	(Deletions)	As at June 30, 2023	Rate %	As at June 30, 2022	Charge for the year	Deletion during the year	As at June 30, 2023

OWNED

Land	19,700,000	-	-	19,700,000	-	-	-	-	-	19,700,000
Office premises	670,000	-	-	670,000	5	95,559.00	28,722	-	124,281	545,719
Office equipment	4,585,563	-	-	4,585,563	15	3,463,217.00	168,352	-	3,631,569	953,994
Computers	7,720,609	224,500	-	7,945,109	30	5,879,036.00	589,021	-	6,468,057	1,477,052
Electric equipment	7,604,072	843,000	-	8,447,072	15	6,315,299.00	270,826	-	6,586,125	1,860,947
Furniture and fixture	6,580,350	-	-	6,580,350	15	5,234,234.00	201,917	-	5,436,151	1,144,199
Mobiles	763,504	325,000	-	1,088,504	30	324,927.00	229,073	-	554,000	534,504
Vehicles	44,688,179	10,795,000	(2,067,000)	53,416,179	15	25,993,101	4,233,940	(1,216,781)	29,010,260	24,405,919
	92,312,277	12,187,500	(2,067,000)	102,432,777		47,305,373	5,721,851	(1,216,781)	51,810,443	50,622,334

5.1 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	Charge for the year	Transferred during the year	As at June 30, 2022

OWNED

Land	-	19,700,000	-	19,700,000	-	-	-	-	-	19,700,000
Office Premises	670,000.00	-	-	670,000	5	65,325.00	30,234	-	95,559	574,441
Office equipment	4,325,079	260,484	-	4,585,563	15	3,283,280	179,937	-	3,463,217	1,122,346
Computers	6,783,171	937,438	-	7,720,609	30	5,263,407	615,629	-	5,879,036	1,841,573
Electric equipment	7,408,178	195,894	-	7,604,072	15	6,094,080	221,219	-	6,315,299	1,288,773
Furniture and fixture	5,982,321	598,029	-	6,580,350	15	5,030,193	204,041	-	5,234,234	1,346,116
Mobiles	429,104	334,400	-	763,504	30	136,965	187,962	-	324,927	438,577
Vehicles	53,363,749	1,874,430	(10,550,000)	44,688,179	15	29,377,341	3,630,909	(7,015,149)	25,993,101	18,695,078
	78,961,602	23,900,675	(10,550,000)	92,312,277		49,250,591	5,069,931	(7,015,149)	47,305,373	45,006,904

5.2 Allocation of Depreciation

Operating expenses

25

5,721,851

5,069,931

5,721,851

5,069,931

6 INTANGIBLE ASSETS	Note	2023 Rupees	2022 Rupees
Rights of rooms		17,639,136	17,639,136
Trading right entitlement certificate PSX	6.1	2,500,000	2,500,000
Membership of Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
Membership of Royal Palm Country Club		400,000	400,000
Software	6.2	568,032	391,667
		<u>23,607,168</u>	<u>23,430,803</u>

6.1 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(s) 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. This has been carried at cost less accumulated impairment losses.

6.2 Computer Software	Note	2023 Rupees	2022 Rupees
Cost:			
Balance as at July 01,		500,000	500,000
Additions during the year		341,250	-
Balance as at June 30,		841,250	500,000
Amortization:			
Balance as at July 01,		108,333	8,333.33
Charge for the year		164,884	100,000
Balance as at June 30,		273,218	108,333
Net book value		<u>568,032</u>	<u>391,667</u>
Rate of amortization		<u>20%</u>	<u>20%</u>

7 LONG TERM INVESTMENT

Quoted - Shares of LSE Ventures Limited and LSE PropTech Limited
(Previously un-quoted shares of LSE Financial Services Limited)

Investment at fair value through profit or loss

Cost as at July 01,	8,475,890	5,100,000
Add: Share purchased during the year	-	3,375,890
	<u>8,475,890</u>	<u>8,475,890</u>
Fair value adjustment	8.1	4,133,640
		<u>12,609,530</u>
		<u>22,166,122</u>

7.1 Movement in fair value reserve:

Opening balance	13,690,232	13,011,682
Accumulated reserve transferred to profit or loss	(13,690,232)	-
Gain on re-measurement of investment	4,133,640	678,550
	<u>4,133,640</u>	<u>13,690,232</u>

7.2 During the year, the company has received following shares of LSE PropTech Limited and LSE Venture Limited against shares of LSE Financial Services Limited under the scheme of compromises, arrangements and reconstruction as envisaged under the provisions of the Companies Act, 2017. Due to change in investments from un-quoted to quoted shares, the company has reclassified these investments from fair value through OCI to fair value through profit or loss and respective accumulated reserve has been charged to profit or loss.

	Total No. of shares	Total Rupees	Pledge Rupees	Particulars of pledge
LSE PropTech Limited	413,749	1,990,133	1,421,523	Pakistan Stock Exchange (BMC)
LSE Venture Limited	1,179,933	10,619,397	7,585,281	Pakistan Stock Exchange (BMC)
	<u>1,593,682</u>	<u>12,609,530</u>	<u>9,006,804</u>	

	Note	2023 Rupees	2022 Rupees
8 LONG TERM DEPOSITS			
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,400,000	1,400,000
Pakistan Mercantile Exchange Ltd.		750,000	750,000
Central Depository Company of Pakistan Ltd.		100,000	100,000
		<u>2,250,000</u>	<u>2,250,000</u>
9 LONG TERM ADVANCES			
Advance against purchase of land and building	9.1	4,502,056	4,502,056
		<u>4,502,056</u>	<u>4,502,056</u>
9.1 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 payment/ settlement to the respective entity.			
		2023 Rupees	2022 Rupees
10 ACCOUNT RECEIVABLES			
Receivable from:			
Clients on account of purchase of shares		42,632,181	30,633,418
Receivable from related parties	10.1	<u>76,058</u>	<u>72,793</u>
		42,708,239	30,706,210
Less: Provision for doubtful debts	10.2	<u>(10,014,170)</u>	<u>(3,150,640)</u>
		32,694,069	27,555,570
National Clearing Company of Pakistan Ltd.		-	27,593,234
		<u>32,694,069</u>	<u>55,148,804</u>
10.1 Receivable from clients on account of purchase of shares include the following balances due from the following related parties:			
		Maximum aggregate amount Rupees	2023 Rupees
Mr. Syed Asim Zafar	Chief Executive	9,396,584	71,761
Mr. Syed Muhammad Zafar	Director	4,296	4,297
Mrs. Saima Zafar	Director	12,636	-
			<u>76,058</u>
			<u>72,793</u>
10.2 Movement is as follows			
Opening balance			3,150,640
Less: Balances written off			-
			<u>3,150,640</u>
Add: Provision made during the year			6,863,530
			<u>10,014,170</u>
			<u>3,150,640</u>
10.3 Aging analysis			
Upto five days			16,188,518
More than five days			16,505,551
			<u>32,694,069</u>
			<u>55,148,804</u>
11 LOANS AND ADVANCES			
(Un-secured but considered good)			
Advances to:			
Employees		9,681,522	6,786,772

		2023 Rupees	2022 Rupees
12	INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Investment in listed securities		
	Cost-Listed securities	48,651,396	49,758,067
	Loss on remeasurement of investment at fair value	12.1 (8,685,321)	(13,380,167)
		<u>39,966,075</u>	<u>36,377,900</u>
12.1	Movement in fair value reserve:		
	Opening balance	(13,380,167)	16,947,566
	Unrealized gain transferred on disposal	(9,585,283)	(8,169,607)
	Deficit on re-measurement of investment	14,280,129	(22,158,126)
		<u>(8,685,321)</u>	<u>(13,380,167)</u>

12.2 This includes shares having carrying value of Rs. 24,908,532 (2022: Rs. 27,814,344) pledged with National Clearing Company of Pakistan Limited and Rs. 11,546,656 (2022: Nil) pledged with Pakistan Stock Exchange Limited for BMC requirements.

	Note	2023 Rupees	2022 Rupees
13	TRADE DEPOSITS, SHORT TERM REPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES		
	Deposits with:		
	National Clearing Company of Pakistan Ltd.	13.1 17,183,023	61,283,513
	Pakistan Mercantile Exchange Ltd.	3,150,825	6,840,906
	Security deposit against offices	170,000	170,000
		20,503,848	68,294,419
	Tax deducted at source	3,259,675	1,120,326
	Prepayments	234,955	77,878
	Sales tax receivable	1,098,738	809,806
	Other receivable	122,800	-
		<u>25,220,016</u>	<u>70,302,429</u>

13.1 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 6% to 15% (2022: 5% to 10%) per annum.

	Note	2023 Rupees	2022 Rupees
14	CASH AND BANK BALANCES		
	These were held as under:		
	Cash in hand	235,449	128,572
	Cash at bank		
	Current Accounts:		
	Pertaining to brokerage house	14.1 460,958	469,583
	Pertaining to clients	16,829,263	130,244,481
		17,290,221	130,714,064
	Saving Accounts:		
	Pertaining to brokerage house	14.2 5,952,730	524,691
	Pertaining to clients	14.2 77,977,531	5,602,428
		83,930,261	6,127,119
		<u>101,455,931</u>	<u>136,969,755</u>

14.1 This includes balance amounting Rs. 108,513 (2022: Rs. 108,513) pertaining to proprietary account in Pakistan Mercantile Exchange Limited.

14.2 This carries markup @ 7% to 15% (2022: 5% to 11%) per annum.

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

	Note	2023 Rupees	2022 Rupees
15 SHARE CAPITAL			
Authorized			
3,000,000 (2022: 3,000,000) ordinary shares of Rs.100 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up			
2,000,000 (2022: 2,000,000) ordinary shares of Rs.100 each fully paid in cash		<u>200,000,000</u>	<u>200,000,000</u>

15.1 Pattern of Shareholding:

Categories of shareholders	% age of Shares Held		Number of Shares Held	
	2023	2022	2023	2022
Individual				
Chief Executive officer				
Syed Asim Zafar	79.9998%	79.99995%	1,599,996	1,599,999
Directors:				
Syed Mohammad Zafar	0.00005%	0%	1	-
Dr. Shahid Azeez Zia	0.00005%	0%	1	-
Ahson Masood	0.00005%	0%	1	-
Saima Zafar	0.00005%	0.00005%	1	1
Shareholder				
Syeda Khola Hussain	20.0000%	20.0000%	400,000	400,000
	<u>100%</u>	<u>100%</u>	<u>2,000,000</u>	<u>2,000,000</u>

15.2 There is no variation in voting rights of the shareholders.

16 FAIR VALUE ADJUSTMENT RESERVE

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

	-	9,720,065
	<u>-</u>	<u>9,720,065</u>
Note	2023 Rupees	2022 Rupees

18 DEFERRED TAXATION

Deferred credits/(debits) arising due to:

Gain on long term investment	516,705	3,970,167
Accelerated tax depreciation	346,904	(409,200)
Provision for doubtful debts	(2,904,109)	(913,684)
Un-used tax losses	(13,446,869)	(10,886,655)
Minimum taxes paid	(2,006,055)	(1,113,544)
Loss on short term investment - net	(3,550,095)	(9,788,925)
Alternate corporate taxes paid	(10,963,338)	(10,963,338)
Deferred tax asset not recognized	32,006,857	21,865,807
	<u>-</u>	<u>(8,239,372)</u>
Balance as at July 01,	(8,239,372)	(10,014,169)
Add: Charge for the year in profit or loss	12,209,539	634,671
Add: (Reversal)/charge for the year in other comprehensive income	(3,970,167)	1,140,126
	<u>-</u>	<u>(8,239,372)</u>

18.1 At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 32.01 million (2022: Rs 30.10 million). However, net deferred tax asset amounting Rs. 32.01 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, 2024.



18.2 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

18.3 Business losses would expire as follows:

Accounting year to which business loss relates	Rupees	Accounting year in which business loss will expire
2018	6,531,744	2024
2019	31,008,444	2025
2023	3,619,747	2029

18.4 Depreciation losses having no expiry are as follows:

Accounting year to which depreciation loss relates	Rupees
2023	5,208,578

18.5 Capital losses will expire as follows:

Accounting year to which business loss relates	Rupees	Accounting year in which business loss will expire
2022	5,138,144	2025
2023	9,843,835	2026

18.6 Minimum tax would expire as follows:

Accounting year to minimum credits relates	Rupees	Accounting year in which minimum credits will expire
2022	1,113,544	2027
2023	892,511	2028

19 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES

Accrued expenses	Note	2023 Rupees	2022 Rupees
		1,417,665	1,301,378

20 TRADE AND OTHER PAYABLES

Creditors for sale of shares on behalf of clients	20.1 & 20.2	79,270,034	144,853,913
Payable to National Clearing Company of Pakistan Ltd.		6,747,975	-
Sales tax payable (PRA)		387,307	844,095
Provincial workers welfare fund payable		1,842,422	1,842,422
Tax deducted at source payable		500,399	288,288
Other liabilities		28,010	18,010
		<u>88,776,147</u>	<u>147,846,728</u>

20.1 The total value of securities pertaining to clients, employees and directors/sponsors are amounting Rs.3,320,692,368 (2022: Rs.3,468,208,168), Rs.2,312,177 (2022: Rs.2,136,496) and Rs.22,860,003 (Rs.23,567,962) respectively 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. 46,078,674 (2022: Rs.38,985,605) for exposure margin.

20.2 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	2023 Rupees	2022 Rupees
Mr. Syed Asim Zafar	Chief Executive	92,317	14,364
Mr. Dr. Shahid Azeez Zia	Director	234,142	26,898
Mrs. Syeda Khola Hussain	Shareholder	64,441	-
Mrs. Saima Zafar	Director	8,082	-
		<u>398,982</u>	<u>41,262</u>

		Note	2023 Rupees	2022 Rupees	
21	LOAN FROM RELATED PARTIES				
	Unsecured and interest free				
	Mrs. Saima Zafar	Director	21.1 & 21.2	-	10,000,000
				-	10,000,000
21.1	Loan from Mrs. Saima Zafar				
	Balance as at July 01,		18	10,000,000	-
	Transferred from non current liabilities			-	10,000,000
	Add: Loan received during the year			-	-
				10,000,000	10,000,000
	Less: Repayment during the year			(10,000,000)	-
				-	10,000,000

21.2 This represented interest free and un-secured loan obtained from the director of the company to meet the working capital requirements and had been utilized for the same purpose. During the year, the company has repaid the outstanding amount of loan.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 The Assistant Commissioner (Sindh Revenue Board) had issued order dated May 24, 2022 creating a demand of sales tax amounting Rs.32.52 million relating to tax years from July 2017 to June 2021. The company has filed an appeal before Commissioner (Sindh Sales Tax Act, 2011) dated June 23, 2022 against the aforesaid order which is pending for decision. The legal advisor of the company is of the opinion that the company has a good arguable case and there is likelihood that the same will be decided in the favour of the company.

22.1.2 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 11.09 million to Pakistan Stock Exchange (PSX) on behalf of the company for meeting the Base Minimum Capital requirements.

22.2 Commitments

Commitments in respect of capital expenditures as at June 30, 2023 were amounting Rs. 1.73 million (2022: Rs. 1.73 million).

	Note	2023 Rupees	2022 Rupees
23 BROKERAGE AND COMMISSION			
Brokerage and commission - Gross	23.1	59,880,188	82,639,290
Less: Sales tax		8,241,215	11,357,593
		51,638,973	71,281,697

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

Name of related party	Basis of relationship	Note	2023 Rupees	2022 Rupees
Mr. Syed Asim Zafar	Chief Executive		37,662	10,596
Ms. Saima Zafar	Director		1,000	3,692
Dr. Shahid Azeez Zia	Director		13,262	38,372
			51,924	52,660

24 DIRECT COSTS

Charges paid to/against:

Pakistan Stock Exchange Ltd.	1,467,369	2,386,354
National Clearing Company of Pakistan Ltd.	836,739	1,464,804
Central Depository Company of Pakistan Ltd.	3,004,796	3,303,909
SECP Transaction Fee	147,703	278,472
Commission expenses	7,473,857	10,720,150
	12,930,464	18,153,689

	Note	2023 Rupees	2022 Rupees
25 OPERATING EXPENSES			
Directors' remuneration		9,300,000	7,250,000
Staff salaries and benefits		28,279,864	29,693,444
Rent, rates and taxes	25.1	5,301,229	5,135,487
Communication expenses		2,431,967	2,530,721
Utility charges		3,342,429	1,764,603
Postage and courier charges		190,890	179,104
Printing and stationery		250,501	224,798
Repair and maintenance		5,457,573	5,172,855
Insurance		316,014	425,558
Legal and professional charges	25.2	1,041,859	1,120,574
Fee and subscription		321,788	379,241
Charity and donation		42,000	1,252,717
Books and newspapers		55,507	52,362
Entertainment		2,242,326	2,198,473
Travelling and conveyance		5,539,706	1,286,591
Advertisement expense		11,000	636,530
Vehicle running and maintenance		875,880	1,297,609
Depreciation	5	5,721,851	5,069,931
Amortization	6.2	164,884	100,000
Others		1,462,556	699,721
		<u>72,349,824</u>	<u>66,470,319</u>

25.1 This includes short term lease (rental) payments of the premises amounting Rs. 5,047,440 (2022: Rs. 4,882,668).

25.2 Auditor's remuneration

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

	Note	2023 Rupees	2022 Rupees
Amin, Mudassar & Co.			
Chartered Accountants			
Audit Services			
Statutory audit		320,250	290,000
Non-Audit Services			
Certification fee		108,500	151,686
		<u>428,750</u>	<u>441,686</u>

26 OTHER OPERATING EXPENSES

Loss on disposal of fixed assets	517	-
Loss on remeasurement of investment at fair value through profit or loss	-	22,158,126
Provision for doubtful debts	6,863,530	1,575,580
	<u>6,864,047</u>	<u>23,733,706</u>

27 OTHER INCOME

Income from financial assets

Dividend income	5,356,165	3,933,666
Interest income	18,262,546	13,145,409
Gain on sale of fixed asset	-	448,549
Un-realized gain on remeasurement of long term investment at fair value through profit or loss	4,133,640	-
Un-realized gain on remeasurement of short term investment at fair value through profit or loss	14,280,129	-
	<u>42,032,480</u>	<u>17,527,624</u>

Income from assets other than financial assets

IPO Commission	-	11,027
Other income	649,131	672,999
	<u>649,131</u>	<u>684,026</u>
	<u>42,681,611</u>	<u>18,211,650</u>

	Note	2023 Rupees	2022 Rupees
28 FINANCE COST			
Bank charges		217,497	166,705
		<u>217,497</u>	<u>166,705</u>
29 TAXATION			
Income tax:			
-Current		1,457,677	1,618,424
-Prior year		-	(393,286)
-Deferred	18	12,209,539	634,671
		<u>13,667,216</u>	<u>1,859,809</u>

29.1 Income tax assessment of the Company has been finalized up to tax year 2022 on the basis of returns filed as the company did not receive any notice in this respect.

29.2 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.

	2023	2022
30 EARNINGS PER SHARE - BASIC AND DILUTED		
Loss for the year-Rupees	<u>(29,897,857)</u>	<u>(20,863,231)</u>
Weighted average number of ordinary shares outstanding during the year-Numbers	<u>2,000,000</u>	<u>2,000,000</u>
Earnings per share-Rupees	<u>(14.95)</u>	<u>(10.43)</u>

31 NUMBER OF EMPLOYEES

	2023 (N u m b e r)	2022 (N u m b e r)
Total number of employees at the end of year	<u>40</u>	<u>40</u>
Average number of employees at the year end	<u>40</u>	<u>38</u>

32 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	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Gross remuneration	3,818,182	2,954,545	4,636,364	3,636,364
Medical allowance	381,818	295,455	463,636	363,636
Managerial remuneration	<u>4,200,000</u>	<u>3,250,000</u>	<u>5,100,000</u>	<u>4,000,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
	Executive			
	2023 Rupees	2022 Rupees		
Gross remuneration	5,779,545	1,286,364		
Medical allowance	577,955	128,636		
Managerial remuneration	<u>6,357,500</u>	<u>1,415,000</u>		
Number of persons	<u>5</u>	<u>1</u>		

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

33 TRANSACTIONS WITH RELATED PARTIES

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

	2023 Rupees	2023 Rupees
34 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets and financial liabilities		
Financial assets		
At fair value through other comprehensive income		
Long term investment	-	22,166,122
At fair value through profit or loss		
Long term investment	12,609,530	-
Investment in listed securities	39,966,075	36,377,900
At amortized cost		
Long term deposits	2,250,000	2,250,000
Trade debts	32,694,069	55,148,804
Trade deposits and other receivables	20,626,648	68,294,419
Cash and bank balances	101,455,931	136,969,755
	<u>157,026,648</u>	<u>262,662,978</u>
Financial liabilities		
At amortized cost		
Deposits, accrued liabilities and advances	1,417,665	1,301,378
Loan from related party	-	10,000,000
Trade and other payables	86,046,019	144,871,923
	<u>87,463,684</u>	<u>156,173,301</u>

35 FINANCIAL RISK MANAGEMENT

- 35.1 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	2023 Rupees	2022 Rupees
Long term deposits		2,250,000	2,250,000
Trade debts	34.1.1	32,694,069	55,148,804
Trade deposits and other receivables		20,503,848	68,294,419
Bank balances	34.1.2	101,220,482	136,841,183
		<u>156,668,399</u>	<u>262,534,406</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:

	2023 Rupees	2022 Rupees
Upto 1 month	39,899,745	55,993,711
1 to 6 months	999,461	811,399
More than 6 months	<u>1,809,033</u>	<u>1,494,334</u>
	42,708,239	58,299,444
Less: Provision for doubtful debt	<u>(10,014,170)</u>	<u>(3,150,640)</u>
	<u>32,694,069</u>	<u>55,148,804</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	2023 Rupees	2022 Rupees
	Short Term	Long Term			
Bank Al Habib Limited	A1+	AAA	PACRA	82,866,710	111,030,809
MCB Bank Limited	A1+	AAA	PACRA	2,588,105	6,353,779
Bank Alfalah Limited	A1+	AA+	PACRA	845,100	1,304,142
Allied Bank Limited	A1+	AAA	PACRA	1,271,019	72,454
Meezan Bank Limited	A-1+	AAA	VIS	7,709,759	11,479,376
First Women Bank Limited	A2	A-	PACRA	3,500,162	1,441,241
Habib Bank Limited	A-1+	AAA	VIS	2,439,627	5,159,382
				<u>101,220,482</u>	<u>136,841,183</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:

	2023			
	Carrying Amount	Contractual Cash Flows	Maturity Upto One Year	Maturity After One Year
	-----R u p e e s-----			
Deposits, accrued liabilities and advances	1,417,665	1,417,665	1,417,665	-
Trade and other payables	86,046,019	86,046,019	86,046,019	-
	<u>87,463,684</u>	<u>87,463,684</u>	<u>87,463,684</u>	<u>-</u>

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	-
Trade and other payables	144,871,923	144,871,923	-
Loan from related party	10,000,000	10,000,000	-
	156,173,301	156,173,301	-

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.

c) 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 2023 and 2022 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, 2023	52,575,605	10% increase	57,833,166	5,257,561
		10% decrease	47,318,045	(5,257,561)
June 30, 2022	36,377,900	10% increase	40,015,690	3,637,790
		10% decrease	32,740,110	(3,637,790)

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 1,011,133 (2022: Rs..674,106). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on loss. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

35.2 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:

	2023		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets			
At fair value through profit or loss			
Short term investment in listed securities (on recurring basis)	39,966,075	-	-
Long term investment (on recurring basis)	12,609,530	-	-
	<u>52,575,605</u>	<u>-</u>	<u>-</u>

	2022		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets			
At fair value through profit or loss			
Short term 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>

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, 2023		
Long term investment	<u>-</u>	<u>-</u>
June 30, 2022		
Long term investment	<u>221,661</u>	<u>(221,661)</u>

35.2.1 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:

	2023 Rupees	2022 Rupees
Total borrowings	-	10,000,000
Total equity	<u>212,414,889</u>	<u>252,032,811</u>
Total Capital	<u>212,414,889</u>	<u>262,032,811</u>
Gearing Ratio	<u>0%</u>	<u>4%</u>

36 OPERATING SEGMENT

36.1 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.

36.2 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

37 CORRESPONDING FIGURES

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

38 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.

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.	Assets						
1.1	Property & Equipment	Balance Sheet Value net of depreciation	100% of net value	Nil	50,622,334	50,622,334	-
1.2	Intangible Assets	Balance Sheet Value net of amortization	100% of net value	Nil	23,607,168	23,607,168	-
1.3	Investment in Govt. securities	Balance Sheet Value	Difference between book value and sale value on the date on the basis of PKRV published by NIFT	Sale value on the date on the basis of PKRV published by NIFT	-	-	-
1.4	Investment in debt securities	Balance Sheet Value net of any provision	If listed then i. 5% of the balance sheet value in the case of tenure up to 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 then i. 10% of the balance sheet value in the case of tenure up to 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.	Net amount after deducting provisions and haircuts	-	-	-
1.5	Investment in equity securities	Balance Sheet Value net of any provision	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher.	Net amount after deducting provisions and haircuts	32,022,144	7,384,824	24,637,320
			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.	Nil	20,553,460	20,553,460	-
			ii. If unlisted, 100% of carrying value			-	-
1.6	Investment in subsidiaries	Balance Sheet Value net of any provision	100% of net value	Nil	-	-	-
1.7	Investment in associated companies/u ndertaking	Balance Sheet Value net of any provision	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.	Net amount after deducting provisions and haircuts	-	-	-
1.8	Statutory or regulatory deposits/ basic deposits with exchanges, clearing house or central depository or any other entity	Balance Sheet Value	100% of net value, however, any excess amount of cash deposited with securities exchange to comply with requirements of Base minimum capital, may be taken in the calculation of LC.	Nil, or any excess cash amount	2,250,000	2,250,000	-
1.9	Margin deposits with exchange and clearing house	Balance Sheet Value	Nil	Balance Sheet Value	17,183,023	-	17,183,023

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.10	Deposit with authorized intermediary against borrowed securities under SLB	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1.11	Other deposits and prepayments	Balance Sheet Value	100% of carrying value	Nil	7,914,194	7,914,194	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	Balance Sheet Value	Nil 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	Balance Sheet Value	-	-	-
1.13	Dividends receivables	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1.14	Amount receivable against Repo financing	Balance Sheet Value	Amount paid as purchaser under the REPO agreement. Securities purchased under repo arrangement shall not be included in the investments	Balance Sheet Value	-	-	-
1.15	Advances and Receivables other than trade receivables	Balance Sheet Value	1. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months 2. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation 3. In all other cases, 100% of net value	Adjusted Value	14,306,378	14,306,378	-
1.16	Receivables from clearing house or securities exchange(s)	Balance Sheet Value	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains	Lower of net balance sheet value or value determined through adjustments	-	-	-
1.17	Receivables from customers	Balance Sheet Value net of provisions	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	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	ii. In case receivables are against margin trading, 5% of the net balance sheet value	ii. Net amount after deducting haircut	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	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	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	iv. Balance sheet value	16,188,518	-	16,188,518
	Receivables from customers	Balance Sheet Value net of provisions	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	16,429,493	-	16,429,493

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Receivables from related parties	Balance Sheet Value net of provisions	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. Up to 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	vi. [Lower of net balance sheet values or values determined through adjustments.]	-		
					-	-	-
					76,058	76,058	-
1.18	Cash and bank Balances	i. Bank balance – Proprietary accounts ii. Bank balance – Customer accounts iii. Cash in hand	Nil Nil Nil	Balance sheet value Balance sheet value Balance sheet value	6,413,688 94,806,794 235,449	108,513 - -	6,305,175 94,806,794 235,449
1.19	Subscription money against investment in IPO/ offer for sale (asset)	Balance Sheet Value	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 value or Net value after deducting haircuts.	-	-	-
1.20	Total Assets	Balance Sheet Value		Adjusted Value	302,608,701		175,785,772
2. Liabilities							
2.1	Trade payables	i. Payable to exchanges and clearing house ii. Payable against leveraged market products iii. Payable to customers	Nil	Balance sheet value	6,747,975 - 79,270,034	- - -	6,747,975 - 79,270,034
2.2	Current Liabilities	i. Statutory and regulatory dues ii. Accruals and other payables iii. Short-term borrowings iv. current portion of subordinated loans vi. Deferred liabilities vii. Provision for viii. other liabilities as per accounting principles and included in the financial statements	Nil	Balance sheet value	2,758,138 1,417,665 - - - - -	- - - - - - -	2,758,138 1,417,665 - - - - -

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2.3	Non-current liabilities	i. Long-term financing	1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. 2. Nil in all other cases	Nil or Balance sheet Value as the case may be	-	-	-
		ii. Staff retirement benefits			-	-	-
		iii. other liabilities as per accounting principles and included in the financial statements			-	-	-
2.4	Subordinated Loans	Balance Sheet Value	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	Net value after deducting adjustments, [if any.]	-	-	-
2.5	Advance against shares for increase in capital of securities broker	Balance Sheet Value	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.	Net amount after deducting haircuts	-	-	-
2.6	Total Liabilities	Balance Sheet Value		Adjusted Value	90,193,812		90,193,812
3. Ranking Liabilities relating to							
3.1	Concentration in margin financing	Nil	The amount calculated [on] 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 Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs. 5 million. Note: Only amount exceeding by 10% of each financee from aggregate amount shall be included in the ranking liabilities.	Amount as determined through adjustment	-	-	-
3.2	Concentration in securities lending and borrowing	Nil	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. [Note: Only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities.]	Amount as determined through adjustment	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.3	Net underwriting Commitment s	Nil	<u>(a) in the case of rights 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 commitment 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 commitment <u>(b) in any other case:</u> 12.5 % of the net underwriting commitments	Amount as determined through adjustment	-	-	-
3.4	Negative equity of subsidiary	Nil	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	Amount as determined through adjustment	-	-	-
3.5	Foreign exchange agreements and foreign currency positions	Nil	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	Amount as determined through adjustment	-	-	-
3.6	Amount payable under REPO	Balance sheet value	Carrying value	Carrying value	-	-	-
3.7	Repo adjustment	Nil	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	Amount as determined through adjustment	-	-	-
3.8	Concentrated proprietary positions	Nil	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 value of a security exceeds 51% of the proprietary position, then 10% of the value of such security.	Amount as determined through adjustment	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.9	Opening Positions in futures and options	Nil	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	Amount as determined through adjustment	-	-	-
3.10	Short sell positions	Nil	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	Amount as determined through adjustment	-	-	-
3.11	Total Ranking Liabilities			Total determined amount	-		-

212,414,889

85,591,960

85,591,960

Liquid Balance Balance

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39 GENERAL

Figures have been rounded off to the nearest of rupee.

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on ~~20 SEP 2023~~ by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR