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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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



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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Memon Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of M/s. Memon Securities (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XXIX 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XXIX 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 (XXIX 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 was in compliance with the requirement of section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016, and the relevant requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 and Futures Brokers (Licensing and Operations) Regulations, 2018 as at the date on which the statement of financial position was prepared.

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



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: October 06, 2023
UDEN: AR202310210jp7SeDcJ

Memon Securities (Private) Limited

Statement of Financial Position


As at June 30, 2023

	Note	2023	2022
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	4	12,460,764	5,645,554
Intangible assets	5	3,500,000	3,500,000
Investment property	6	1,351,995	1,423,153
Long term deposits and advances	7	4,510,200	4,010,200
		21,822,959	14,578,907
Current assets			
Trade debts	8	1,771,175	2,846,247
Short term investments	9	878,456,056	792,415,889
Loans, deposits, prepayments and other receivable	10	13,287,276	7,220,290
Income tax refundables	11	15,226,112	14,926,718
Cash and bank balances	12	160,436,341	122,282,499
		1,069,176,860	939,691,643
Total assets		1,090,999,819	954,270,550
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	13	250,000,000	100,000,000
Issued, subscribed and paid up capital	13	250,000,000	97,400,000
Revenue reserves			
Unappropriated profit		474,914,505	630,315,790
General reserve		2,600,000	2,600,000
		477,514,505	632,915,790
		727,514,505	730,315,790
Current liabilities			
Trade and other payables	14	182,032,359	127,159,653
Short term borrowing	15	180,254,395	95,509,737
Unearned rental income		-	373,877
Accrued markup		1,198,560	911,493
		363,485,314	223,954,760
Contingencies and commitments			
	16	-	-
Total equity and liabilities		1,090,999,819	954,270,550

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Chief Executive


Director

Memon Securities (Private) Limited

Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023 Rupees	2022
Operating revenue	17	85,933,879	80,552,714
Capital loss on sale of investments		(12,426,929)	(2,710,182)
Loss on re-measurement of investments		(10,609,216)	(9,638,752)
		<u>62,897,734</u>	<u>68,203,780</u>
Administrative expenses	18	(53,310,874)	(49,927,419)
Finance costs	19	(3,873,715)	(2,940,212)
		<u>(57,184,589)</u>	<u>(52,867,631)</u>
Other income	20	2,036,311	3,028,663
Profit before taxation		<u>7,749,456</u>	<u>18,364,812</u>
Taxation	21	(10,550,741)	(9,113,427)
(Loss) / profit after taxation		<u>(2,801,285)</u>	<u>9,251,385</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive



Director

Memon Securities (Private) Limited

Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	Rupees	
(Loss) / profit after taxation	(2,801,285)	9,251,385
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u>(2,801,285)</u>	<u>9,251,385</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive



Director

Memon Securities (Private) Limited

Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Revenue reserves		Total
		Unappropriated profit	General reserve	
Rupees				
Balance as at June 30, 2021	97,400,000	621,064,405	2,600,000	721,064,405
<i>Total comprehensive income for the year ended June 30, 2022</i>				
- Profit after taxation	-	9,251,385	-	9,251,385
- Other comprehensive income	-	-	-	-
	-	9,251,385	-	9,251,385
Balance as at June 30, 2022	97,400,000	630,315,790	2,600,000	730,315,790
<i>Total comprehensive income for the year ended June 30, 2023</i>				
- Loss after taxation	-	(2,801,285)	-	(2,801,285)
- Other comprehensive income	-	-	-	-
	-	(2,801,285)	-	(2,801,285)
<i>Transactions with owners</i>				
Issuance of 156.67% bonus shares	152,600,000	(152,600,000)	-	-
Balance as at June 30, 2023	250,000,000	474,914,505	2,600,000	727,514,505

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Chief Executive



Director

Memon Securities (Private) Limited

Statement of Cash Flows

For the year ended June 30, 2023

	Note	2023	2022
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,749,456	18,364,812
<i>Adjustment for non-cash and other items:</i>			
Depreciation on property and equipment	4	2,184,790	720,065
Depreciation on investment property	6	71,158	74,903
Provision for expected credit losses on trade debts	8.2	56,129	-
Finance cost	19	3,873,715	2,940,212
Profit on saving accounts	20	(1,001,513)	(1,674,443)
Rental income	20	(448,877)	(1,047,300)
Loss on re-measurement of investments		10,609,216	9,638,752
		<u>15,344,618</u>	<u>10,652,189</u>
Cash flow before working capital changes		23,094,074	29,017,001
Changes in working capital			
<i>Decrease/(Increase) in current assets</i>			
Trade debts		1,018,943	3,288,166
Purchase / sale of investments-net		(96,649,383)	88,191,382
Loans, deposits, prepayments and other receivable		(6,066,986)	(3,318,679)
		<u>(101,697,426)</u>	<u>88,160,869</u>
<i>Increase/(Decrease) in current liabilities</i>			
Trade and other payables		54,872,706	(95,895,397)
Cash (used in) / generated from operations		<u>(23,730,644)</u>	<u>21,282,473</u>
Finance cost paid		(3,586,648)	(2,611,220)
Income tax paid		(10,850,135)	(8,519,248)
Net cash (used in) / generated from operating activities		<u>(38,167,429)</u>	<u>10,152,005</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property and equipment	4	(9,000,000)	-
Long term deposit placed with PMEX	7	(500,000)	-
Profit on saving accounts		1,001,513	1,674,443
Rental income received		75,000	1,599,818
Net cash (used in) / generated from investing activities		<u>(8,423,487)</u>	<u>3,274,261</u>
Net (decrease) / increase in cash and cash equivalents		<u>(46,590,916)</u>	<u>13,426,266</u>
Cash and cash equivalents at the beginning of the year		26,772,762	13,346,496
Cash and cash equivalents at the end of the year	22	<u>(19,818,154)</u>	<u>26,772,762</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Chief Executive


Director

Memon Securities (Private) Limited

Notes to the Financial Statements

For the year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

Memon Securities (Private) Limited (the Company) was incorporated in Pakistan on August 03, 2000 as a private limited company under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). The Company is a Trading Rights Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and is categorized as a 'Trading and Self-Clearing' broker under the Securities and Exchange Commission of Pakistan (SECP). The Company is also a member of Pakistan Mercantile Exchange Limited (PMEX).

The principal activities of the Company are investments, share brokerage and Initial Public Offer (IPO) underwriting.

The registered office and other office of the Company is situated at Room Nos. 151 to 154, Stock Exchange Building, Stock Exchange Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where the 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 Basis of measurement

In these financial statements all items have been measured at their cost historical cost except for short term investments in quoted equity securities which are carried at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

	<i>Note</i>
(a) Useful lives, depreciation methods and residual values of property and equipment;	1.1
(b) Useful lives, depreciation methods and residual values of investment property;	1.3
(c) Provision for taxation.	1.6



2.5 New Accounting Pronouncements

2.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:

(a) IAS 37 - Onerous contracts

Effective date:

January 01, 2022

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

Effective date:

January 01, 2022

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

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

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

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

(a) IAS 1 - Disclosure of accounting policies

Effective date:

January 01, 2023

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

(b) IAS 8 - Definition of accounting estimates

Effective date:

January 01, 2023

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

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- Effective date:**
January 01, 2023
- (c) **IAS 12 - Deferred tax**
- The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

- Effective date:**
January 01, 2024
- (d) **IAS 1 - Classification of liabilities as current or non-current**
- Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

- Effective date:**
January 01, 2024
- (e) **IFRS 16 - Sale and leaseback transaction**
- Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

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

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

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off.

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

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

3.2 Intangible assets

Trading Right Entitlement Certificate (TREC) and Membership card of PMEX

The useful lives of these assets are indefinite and hence, no amortization is charged by the Company.

These are 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.

3.3 Investment property

Investment properties are held for capital appreciation and is measured initially at its cost, including transaction costs. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses

Depreciation on investment property is charged using reducing balance method in accordance with the rates specified in note 6 to these financial statements. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.4 Trade debts

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

3.5 Cash and cash equivalents

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

3.6 Taxation

Current tax

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

Deferred tax

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

A deferred tax asset is recognized only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.7 Provisions and contingent liabilities

Provisions

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

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.8 Financial assets

3.8.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Company classifies its financial assets into either of following three categories:

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

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.8.2 Subsequent measurement

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognized in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss.

Dividends received from investments measured at fair value through profit or loss are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

3.8.3 Impairment

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

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

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

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

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

3.8.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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

3.9 Financial liabilities

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

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

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

3.10 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

3.11 Revenue recognition

Revenue from trading activities - brokerage commission

Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of settlement of the transaction by the clearing house.

3.12 Other income

Mark-up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4. PROPERTY AND EQUIPMENT

	Office	Furniture and fixtures	Office Equipment	Computers	Vehicles	Total
Repeas						
At June 30, 2021						
Cost	3,450,000	485,037	1,782,174	1,387,053	6,457,283	13,561,647
Accumulated depreciation	(482,056)	(314,525)	(649,373)	(1,177,612)	(4,562,600)	(7,196,026)
Net book value	2,967,944	170,510	1,132,801	209,441	1,894,723	6,365,619
<i>Movement during the year ended June 30, 2022</i>						
Opening net book value	2,967,944	170,510	1,132,801	209,441	1,894,723	6,365,619
Depreciation charge	(147,895)	(17,051)	(113,280)	(62,892)	(378,945)	(720,063)
Closing net book value	2,820,047	153,459	1,019,521	146,549	1,515,778	5,645,354
At June 30, 2022						
Cost	3,450,000	485,037	1,782,174	1,387,053	6,457,283	13,561,647
Accumulated depreciation	(628,953)	(331,378)	(762,653)	(1,240,304)	(4,941,605)	(7,914,893)
Net book value	2,821,047	153,659	1,019,521	146,749	1,515,778	5,645,354
<i>Movement during the year ended June 30, 2023</i>						
Opening net book value	2,821,047	153,659	1,019,521	146,749	1,515,778	5,645,354
Additions	-	-	-	-	9,000,000	9,000,000
Depreciation charge	(137,856)	(14,562)	(95,403)	(69,371)	(1,862,598)	(2,184,790)
Closing net book value	2,672,191	139,097	924,118	77,378	6,652,780	12,468,764
At June 30, 2023						
Cost	3,450,000	485,037	1,782,174	1,387,053	15,457,283	22,561,647
Accumulated depreciation	(777,809)	(346,548)	(862,656)	(1,309,875)	(6,804,603)	(10,108,891)
Net book value	2,672,191	138,487	924,118	77,378	8,652,780	12,468,764
Depreciation rate (% per annum)	5%	10%	10%	20%	20%	

5. INTANGIBLE ASSETS

	Note	2023	2022
Membership Card - PMEX		1,000,000	1,000,000
Trading Right Entitlement Certificate - PSX	3.1	2,500,000	2,500,000
		3,500,000	3,500,000

5.1 Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Company received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Pakistan Stock Exchange Limited (PSX). This is being carried at cost less accumulated impairment computed based on the notional value of the TREC as notified by PSX.

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6. INVESTMENT PROPERTY		2023	2022
		Rupees	
	Opening net book value	1,423,153	1,498,056
	Less: Depreciation charge for the year	(71,158)	(74,903)
	Closing net book value	<u>1,351,995</u>	<u>1,423,153</u>
		8%	8%

6.1 The Company measures its investment properties using cost model. As at the reporting date, the fair value of investment properties amounting to Rs. 2.1 million (2022: Rs 2.1 million), calculated on the basis of present market values for similar sized of properties in the vicinity and replacement values of similar type of properties adjusted for depreciation factor for the existing assets in use. The said property is located at PSX, Room No. 134.

7. LONG TERM DEPOSITS AND ADVANCES	Note	2023	2022
		Rupees	
<i>Deposits placed with National Clearing Company of Pakistan Limited with respect to:</i>			
	- Security deposit - DFCs	1,000,000	1,000,000
	- Security deposit - Basic	200,000	200,000
	- Security deposit - Ready Market	<u>200,000</u>	<u>200,000</u>
		1,400,000	1,400,000
	Central Depository Company of Pakistan Limited	100,000	100,000
	Pakistan Mercantile Exchange Limited (PMEX)	500,000	-
	Other deposits	<u>10,200</u>	<u>10,200</u>
	<i>Advances</i>		
	- Pakistan Mercantile Exchange Limited (PMEX)	7.1 <u>2,500,000</u>	<u>2,500,000</u>
		<u>4,510,200</u>	<u>4,010,200</u>

7.1 This represents an advance made to M/s. Pakistan Mercantile Exchange Limited (PMEX) for acquiring an office space at NCEL Building Project.

8. TRADE DEBTS	Note	2023	2022
		Rupees	
	Considered good - secured	1,773,175	2,846,247
	Considered doubtful - unsecured	<u>157,176</u>	<u>101,047</u>
		1,928,351	2,947,294
	Less: Provision for expected credit losses	8.2 <u>(157,176)</u>	<u>(101,047)</u>
		<u>1,773,175</u>	<u>2,846,247</u>

8.1 As of the reporting date, the Company held equity securities having fair value of Rs. 407.026 million (2022: Rs. 263.07 million) owned by its clients, as collaterals against trade debts.

8.2 Movement in provision for doubtful debts	Note	2023	2022
		Rupees	
	Balance at the beginning of the year	101,047	101,047
	Add: Charge for the year	56,129	-
	Balance at the end of the year	<u>157,176</u>	<u>101,047</u>

9. SHORT TERM INVESTMENTS - At fair value through profit or loss		2023	2022
		Rupees	
	- Quoted equity securities	9.1 <u>878,476,096</u>	<u>792,415,889</u>



9.1 Investment in quoted equity securities

Scrips		Scrip name	Market Value	
2023	2022		2023	2022
—Numbers—			—Rupees—	
1,650	1,550	Abbott Laboratories (Pakistan) Limited	610,500	1,014,602
-	250,000	AgriTech Limited	-	1,662,500
31,000	132,000	Alpha Steel Mills Limited	178,200	1,458,600
1,047	1,000	Akan Nobel Pakistan Limited	-	-
92,000	21,500	Al Shauhr Corporation Limited	965,160	194,360
1,250	1,250	Al-Ghazi Tractors Limited	317,300	487,713
7,500	20,500	Anwell Steels Limited	115,325	480,520
7,500	19,000	Attock Petroleum Limited	2,251,875	6,104,890
402,500	128,500	Avancon Limited	17,726,100	10,011,435
4,500	11,500	Azgard Nire Limited	27,000	118,220
6,500	-	Air Link Communication Limited	128,895	-
105,280	-	Attock Cement Pakistan Limited	8,724,574	-
51,800	52,700	Bestway Cement Limited	7,511,000	6,691,846
89,502	16,500	Cherat Cement Company Limited	10,765,301	1,535,140
189,500	48,000	Cemgilco PK Limited	538,180	256,320
696	-	Colgate-Palmolive (Pakistan) Limited	781,483	-
51,000	-	Citi Pharma Limited	1,088,340	-
30,500	164,000	D.G. Khan Cement Company Limited	2,590,650	10,250,000
170,000	-	Dalman City Rail	7,797,600	-
8,050	-	Dawood Lawrencepur Limited	1,796,680	-
7,000	4,021	Engro Corporation Limited	1,819,220	1,033,759
796,086	237,700	Engro Fertilizers Limited	65,706,978	21,069,728
6,000	1,203	Engro Polymer & Chemicals Limited	253,500	94,999
462,750	1,155,500	Fauji Cement Company Limited	5,641,940	44,713,435
38,691	9,291	Fauji Fertilizer Bin Quain Limited	455,780	196,026
1,926,673	1,778,000	Fauji Fertilizer Company Limited	189,069,081	195,971,140
1,317,500	28,000	Fauji Foods Limited	7,562,450	185,640
92,000	109,500	Flying Cement Company Limited	509,680	786,210
35,500	-	Faran Sugar Mills Limited	2,059,000	-
147,500	59,500	Gandhara Industries Limited	11,879,650	9,399,215
5,500	6,500	Ghani Global Glass Limited	32,120	71,760
410,500	208,000	Ghani Global Holdings Limited	4,051,635	1,434,080
-	10,000	Gul Ahmed Textile Mills Limited	-	338,100
-	61,500	Habib Sugar Mills Limited	-	1,948,000
44	-	Highcon Laboratories Limited	14,791	-
-	9,550	ICI Pakistan Limited	-	6,919,453
-	1,080	Indus Motor Company Limited	-	1,524,780
550	9,550	International Industries Limited	40,280	990,622
-	134,500	International Steels Limited	-	7,983,820
151	-	IN Healthcare Limited	6,915	-
1,432,000	1,954,000	K-Electric Limited	2,463,040	5,940,140
58,500	37,500	Kohinoor Textile Mills Limited	2,878,225	2,875,000
4,000	31,000	Kot Addu Power Company Limited	83,200	908,490
5,000	5,000	Lalpur Power Limited	74,750	63,750
-	47,500	Leads Limited	-	461,225
357,069	308,202	Lotte Chemical Pakistan Limited	9,826,539	7,281,857
72,001	15,501	Lucky Cement Limited	37,591,002	7,115,579
9,550	-	Lucky Core Industries Limited	5,769,537	-
154,174	194,624	Maple Leaf Cement Factory Limited	4,367,749	5,217,496
31,149	31,149	Mart Petroleum Company Limited	47,179,821	54,191,161
-	26,000	Merit Packaging Limited	-	228,540

Scrips		Scrip name	Market Value	
2023	2022		2023	2022
—Numbers—			—Rupees—	
48,270	10,002	Milat Tractors Limited	18,840,264	8,727,645
18,366	40,500	Mughal Iron & Steel Industries Limited	938,089	1,487,230
2	-	Macter International Limited	194	-
908	-	Meezan Bank Limited	78,424	-
19,500	21,500	National Refinery Limited	2,925,000	3,430,255
23,000	112,500	Nisnel Technologies Limited	1,721,090	11,220,750
71,500	26,000	Nisbat Charian Limited	1,451,450	1,164,540
44,900	122,400	Nisbat Mills Limited	2,548,973	9,046,584
2,518	-	National Foods Limited	247,771	-
1	-	Nestle Pakistan Limited	6,448	-
76,000	-	Nisbat Power Limited	1,288,200	-
254,156	-	Nisbat Charian Power Limited	4,244,405	-
484,674	528,700	Oil & Gas Development Company Limited	37,803,012	41,392,829
10,770	-	Otsuka Pakistan Limited	779,748	-
11,250	15,250	Packages Limited	4,375,375	6,082,615
747,000	84,500	Pak Electron Limited	6,760,350	1,342,705
1,171	671	Pak Suzuki Motor Company Limited	111,479	141,722
13,500	12,000	Pakistan Power Limited	602,235	221,880
103,500	130,000	Pakistan International Bulk Terminal Limited	425,585	782,600
448,930	250,910	Pakistan Oilfields Limited	180,366,606	101,821,787
4,987	7,090	Pakistan Oxygen Ltd	478,874	960,135
399,000	578,500	Pakistan Petroleum Limited	23,396,860	39,054,335
500,500	275,000	Pakistan Refinery Limited	6,766,760	4,883,970
48,032	104,832	Pakistan State Oil Company Limited	5,332,032	18,014,331
100,000	4,500	Pakistan Telecommunication Company Limited	601,000	31,320
5,500	197,800	Pioneer Cement Limited	476,465	11,939,307
202,500	151,000	Power Cement Limited	830,250	803,320
17,500	17,500	Power Prof Shares	122,325	133,000
779,453	810,453	Pakistan Stock Exchange Limited	5,767,952	8,296,954
4,500	-	Pakistan Paper Products Limited	247,000	-
25,000	-	Parther Tyres Ltd.	304,000	-
500	-	Reliance Cotton Spinning Mills Limited	255,670	-
146,450	-	Reliance Insurance Company Limited	3,377,888	-
192	-	Rafsan Maize Products Company Limited	1,612,800	-
30	-	Sasoli-Aventis Pakistan Limited	20,745	-
15	-	Supplies Fibres Limited	16,776	-
16,000	-	Shezan International Limited	1,688,320	-
208	-	Synthetic Products Enterprises Limite	2,363	-
600	-	Service Industries Limited	157,488	-
19,500	-	Dewan Cement Limited	80,925	-
28,000	-	Pakistan International Airlines Corp	94,080	-
2,000	-	Systems Limited	806,660	-
117,500	-	Worldcell Telecom Limited	128,075	-
1,000	-	Engro Powergen Qadirpur Limited	22,800	-
119,100	171,500	Saif Power Limited	2,143,800	3,574,060
35,400	40,000	Security Papers Limited	3,292,300	4,638,400
8,000	600	Shell Pakistan Limited	925,200	76,878
18,823	18,823	Siemens (Pakistan) Engineering Company Limited	13,034,739	12,299,761
112,500	270,000	Sui Northern Gas Pipelines Limited	4,429,125	9,267,489
107,000	24,500	Sui Southern Gas Company Limited	919,130	221,970
16,000	150,000	Tariq Glass Industries Limited	1,089,600	16,194,360
419,500	201,000	Telecord Limited	2,768,760	2,176,830
5,050	4,500	Thal Limited	818,100	1,752,530

Scrips		Scrip name	Market Value	
2023	2022		2023	2022
—Numbers—			—Rupees—	
-	15,000	The Hub Power Company Limited	-	1,022,550
316,000	120,000	The Searle Company Limited	12,109,120	13,082,400
5,500	70,000	Tpl Corp Limited	33,055	638,400
244,500	75,500	Trust Corporation Limited	3,870,435	2,205,090
372,000	292,500	Ttg Pakistan Limited	34,272,360	22,619,025
317,500	-	Tpl Properties Limited	3,956,050	-
199,500	178,500	Unity Foods Limited	3,118,185	3,542,335
1,142,000	48,500	Waves Singer Pakistan Ltd	7,023,300	617,403
4,500	-	Attock Refinery Limited	772,335	-
4,110	-	Ferrosom Laboratories Limited	902,454	-
1,000	-	Honda Atlas Cars (Pakistan) Limited	92,360	-
5,000	-	Han Network Limited	29,200	-
9,520	-	Kohat Cement Company Limited	1,651,434	-
<u>17,904,000</u>	<u>14,373,782</u>		<u>878,456,056</u>	<u>792,413,889</u>

9.1.1 The number and fair value of securities pledged with PSX and NCCPL are as follows:

	June 30, 2023		June 30, 2022	
	Number of securities	Fair value	Number of securities	Fair value
	Rupees			
Clients	-	-	-	-
Brokerage House	<u>2,503,894</u>	<u>119,683,545</u>	<u>2,096,299</u>	<u>145,342,295</u>
	<u>2,503,894</u>	<u>119,683,545</u>	<u>2,096,299</u>	<u>145,342,295</u>

9.1.2 The number and fair value of securities pledged with Banks are as follows:

	June 30, 2023		June 30, 2022	
	Number of securities	Fair value	Number of securities	Fair value
	Rupees			
Clients	-	-	134,246	61,722,548
Brokerage House	<u>4,537,151</u>	<u>418,384,346</u>	<u>1,838,249</u>	<u>260,498,076</u>
	<u>4,537,151</u>	<u>418,384,346</u>	<u>1,972,495</u>	<u>322,220,624</u>

10. LOANS, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	2023	2022
	Rupees	
Loan to employees - unsecured	505,400	372,000
Prepaid insurance	24,189	24,189
Deposits placed with NCCPL in respect of Loss on DFCs (net of demand)	169,460	5,697,250
Receivable from NCCPL against profit held on Deliverable Futures Contracts (DFCs)	<u>12,588,227</u>	<u>1,126,851</u>
	<u>13,287,276</u>	<u>7,220,290</u>

11. INCOME TAX REFUNDABLES	Note	2023	2022
		Rupees	
Opening balance		14,926,718	15,520,897
Advance tax paid during the year		10,850,135	8,519,248
		<u>25,776,853</u>	<u>24,040,145</u>
Provision for taxation - current		(10,636,977)	(8,360,415)
Provision for taxation - prior		86,236	(753,012)
		<u>(10,550,741)</u>	<u>(9,113,427)</u>
Closing balance		<u>15,226,112</u>	<u>14,926,718</u>

12. CASH AND BANK BALANCES		2023	2022
Cash in hand		7,905	21,644
Cash at bank			
- Saving accounts		4,255	160,621
- Current accounts	12.1	160,424,081	122,100,234
		<u>160,428,336</u>	<u>122,260,855</u>
		<u>160,436,241</u>	<u>122,282,499</u>

12.1 The return on these balances is 8.5% to 12.5% (2022: 6% to 7.5%) per annum on daily product basis.

12.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 160,308 million (2022: Rs. 121,769 million).

13. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
Number of shares			Rupees	
<u>2,500,000</u>	<u>1,000,000</u>	Authorized capital	<u>250,000,000</u>	<u>100,000,000</u>
		Ordinary shares of Rs. 100/- each		
		Issued, subscribed and paid-up		
<u>974,000</u>	<u>974,000</u>	Ordinary shares of Rs. 100/- each:	<u>97,400,000</u>	<u>97,400,000</u>
<u>1,526,000</u>	<u>-</u>	- issued as fully paid in cash	<u>152,600,000</u>	<u>-</u>
<u>2,500,000</u>	<u>974,000</u>	- issued as fully paid bonus shares	<u>250,000,000</u>	<u>97,400,000</u>

13.1 During the year, the Company increased its authorized share capital from Rs. 100 million to Rs. 250 million which was authorized by a special resolution of members. Further, the paid up capital of the Company was also increased from Rs. 97.4 million to Rs. 250 million through issue of 156.67% bonus shares out of reserves of the Company vide resolution of Board of Directors dated June 21, 2023. Legal formalities in respect of these matters were completed during the current year.

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

13.3 Pattern of shareholding is as follows:

Categories of shareholders	June 30, 2023		June 30, 2022	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
Individuals				
Bashim Ahmed Memon	-	-	1,000	0.10%
Muhammad Amin Memon	2,243,326	89.73%	873,000	89.63%
Emaan Amin	128,337	5.13%	50,000	5.13%
Muhammad Mustafa Amin	128,337	5.13%	50,000	5.13%
	<u>2,500,000</u>	<u>100.00%</u>	<u>974,000</u>	<u>100.00%</u>

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11. INCOME TAX REFUNDABLES	Note	2023	2022
		Rupees	
Opening balance		14,926,718	15,520,897
Advance tax paid during the year		10,850,135	8,519,248
		<u>25,776,853</u>	<u>24,040,145</u>
Provision for taxation - current		(10,636,977)	(8,360,415)
Provision for taxation - prior		86,236	(753,012)
		<u>(10,550,741)</u>	<u>(9,113,427)</u>
Closing balance		<u>15,226,112</u>	<u>14,926,718</u>

12. CASH AND BANK BALANCES

Cash in hand		7,905	21,644
Cash at bank			
- Saving accounts		4,255	160,621
- Current accounts	12.1	160,424,081	122,100,234
		<u>160,428,336</u>	<u>122,260,855</u>
		<u>160,436,241</u>	<u>122,282,499</u>

12.1 The return on these balances is 8.5% to 12.5% (2022: 6% to 7.5%) per annum on daily product basis.

12.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Ra. 160,308 million (2022: Ra. 121,769 million).

13. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
			Rupees	
—Number of shares—				
<u>2,500,000</u>	<u>1,000,000</u>	Authorized capital	<u>250,000,000</u>	<u>100,000,000</u>
		Ordinary shares of Ra. 100/- each		
		Issued, subscribed and paid-up		
<u>974,000</u>	<u>974,000</u>	Ordinary shares of Ra. 100/- each:	<u>97,400,000</u>	<u>97,400,000</u>
<u>1,526,000</u>	<u>-</u>	- issued as fully paid in cash	<u>152,600,000</u>	<u>-</u>
<u>2,500,000</u>	<u>974,000</u>	- issued as fully paid bonus shares	<u>250,000,000</u>	<u>97,400,000</u>

13.1 During the year, the Company increased its authorized share capital from Ra. 100 million to Ra. 250 million which was authorized by a special resolution of members. Further, the paid up capital of the Company was also increased from Ra. 97.4 million to Ra. 250 million through issue of 156.67% bonus shares out of reserves of the Company vide resolution of Board of Directors dated June 21, 2023. Legal formalities in respect of these matters were completed during the current year.

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

13.3 Pattern of shareholding is as follows:

Categories of shareholders	June 30, 2023		June 30, 2022	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
Individuals				
Bashim Ahmed Memon	-	-	1,000	0.10%
Muhammad Amin Memon	2,243,326	89.73%	873,000	89.63%
Emaan Amin	128,337	5.13%	50,000	5.13%
Muhammad Mustafa Amin	128,337	5.13%	50,000	5.13%
	<u>2,500,000</u>	<u>100.00%</u>	<u>974,000</u>	<u>100.00%</u>

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11. INCOME TAX REFUNDABLES	Note	2023	2022
		Rupees	
Opening balance		14,926,718	15,520,897
Advance tax paid during the year		10,850,135	8,519,248
		<u>25,776,853</u>	<u>24,040,145</u>
Provision for taxation - current		(10,636,977)	(8,360,415)
Provision for taxation - prior		86,236	(753,012)
		<u>(10,550,741)</u>	<u>(9,113,427)</u>
Closing balance		<u>15,226,112</u>	<u>14,926,718</u>

12. CASH AND BANK BALANCES

Cash in hand		7,905	21,644
Cash at bank			
- Saving accounts		4,255	160,621
- Current accounts	12.1	160,424,081	122,100,234
		<u>160,428,336</u>	<u>122,260,855</u>
		<u>160,436,241</u>	<u>122,282,499</u>

12.1 The return on these balances is 8.5% to 12.5% (2022: 6% to 7.5%) per annum on daily product basis.

12.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 160,308 million (2022: Rs. 121,769 million).

13. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
			Rupees	
—Number of shares—				
<u>2,500,000</u>	<u>1,000,000</u>	Authorized capital	<u>250,000,000</u>	<u>100,000,000</u>
		Ordinary shares of Rs. 100/- each		
		Issued, subscribed and paid-up		
<u>974,000</u>	<u>974,000</u>	Ordinary shares of Rs. 100/- each:	<u>97,400,000</u>	<u>97,400,000</u>
<u>1,526,000</u>	<u>-</u>	- issued as fully paid in cash	<u>152,600,000</u>	<u>-</u>
<u>2,500,000</u>	<u>974,000</u>	- issued as fully paid bonus shares	<u>250,000,000</u>	<u>97,400,000</u>

13.1 During the year, the Company increased its authorized share capital from Rs. 100 million to Rs. 250 million which was authorized by a special resolution of members. Further, the paid up capital of the Company was also increased from Rs. 97.4 million to Rs. 250 million through issue of 156.67% bonus shares out of reserves of the Company vide resolution of Board of Directors dated June 21, 2023. Legal formalities in respect of these matters were completed during the current year.

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

13.3 Pattern of shareholding is as follows:

Categories of shareholders	June 30, 2023		June 30, 2022	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
Individuals				
Bashim Ahmed Memon	-	-	1,000	0.10%
Muhammad Amin Memon	2,243,326	89.73%	873,000	89.63%
Emaan Amin	128,337	5.13%	50,000	5.13%
Muhammad Mustafa Amin	128,337	5.13%	50,000	5.13%
	<u>2,500,000</u>	<u>100.00%</u>	<u>974,000</u>	<u>100.00%</u>

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	Note	2023	2022
		Rupees	
14. TRADE AND OTHER PAYABLES			
Trade payables		140,307,731	121,769,297
Accrued expenses		3,565,796	1,576,811
FED and Sales Tax payable		110,578	234,414
Profit on DFCs payable to clients		9,316,534	426,896
DFC Exposure withheld		8,494,859	2,986,301
Others		236,861	165,934
		<u>182,032,359</u>	<u>127,159,653</u>

15. SHORT TERM BORROWING

Running finance	15.1	<u>180,254,395</u>	<u>95,500,727</u>
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15.1 This represents the amount availed against a running finance facility obtained by the Company from M/s. Bank Al-Habib Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 300 million (2022: Rs. 300 million). The facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list), lien over Treasury Call account. The facility carries markup at the rate of 3-Month KIBOR plus 1 % p.a. (2022: 3-Month KIBOR plus 1 % p.a.).

15.2 As of the reporting date, the amount of unavailed facility was Rs. 119,746 million (2022: Rs. 204,490 million).

16. CONTINGENCY AND COMMITMENT

16.1 Contingency

In the previous years, the income tax authorities had issued Show Cause Notices to various members of the Pakistan Stock Exchange Limited, including the Company, to amend original assessment order under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2017. In this regard, in 2018, the PSX Stock Brokers Association filed a Constitutional Petition before the Sindh High Court (SHC), Karachi and the Company became a party with them. SHC granted stay order in favour of the Petitioners. As at reporting date, the case is still pending for adjudication. However, the management, based on consultation with legal advisor is confident that the eventual outcome of the matter will be decided in favour of the Company, therefore, no provision has been made in this regard.

16.2 Commitment

Revolving guarantee given by a M/s. Habib Metropolitan Bank Limited on behalf of the Company in favour of National Clearing Company of Pakistan Limited (NCCPL) against DFC exposure amounting to Rs. 15 million (2022: Rs. 15 million)

	2023	2022
	Rupees	
17. OPERATING REVENUE		
Commission income - gross	17,834,265	31,722,349
Less: Sales Tax	<u>(2,051,730)</u>	<u>(3,649,474)</u>
Commission income - net	15,782,535	28,072,875
Dividend income	70,151,344	52,479,839
	<u>85,933,879</u>	<u>80,552,714</u>

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	Note	2023	2022
		Rupees	
14. TRADE AND OTHER PAYABLES			
Trade payables		140,307,731	121,769,297
Accrued expenses		3,565,796	1,576,811
FED and Sales Tax payable		110,578	234,414
Profit on DFCs payable to clients		9,316,534	426,896
DFC Exposure withheld		8,494,859	2,986,301
Others		236,861	165,934
		<u>182,832,359</u>	<u>127,159,653</u>

15. SHORT TERM BORROWING

Running finance	15.1	<u>180,254,395</u>	<u>95,500,727</u>
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15.1 This represents the amount availed against a running finance facility obtained by the Company from M/s. Bank Al-Habib Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 300 million (2022: Rs. 300 million). The facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list), lien over Treasury Call account. The facility carries markup at the rate of 3-Month KIBOR plus 1 % p.a. (2022: 3-Month KIBOR plus 1 % p.a.).

15.2 As of the reporting date, the amount of unavailed facility was Rs. 119,746 million (2022: Rs. 204,490 million).

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In the previous years, the income tax authorities had issued Show Cause Notices to various members of the Pakistan Stock Exchange Limited, including the Company, to amend original assessment order under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2017. In this regard, in 2018, the PSX Stock Brokers Association filed a Constitutional Petition before the Sindh High Court (SHC), Karachi and the Company became a party with them. SHC granted stay order in favour of the Petitioners. As at reporting date, the case is still pending for adjudication. However, the management, based on consultation with legal advisor is confident that the eventual outcome of the matter will be decided in favour of the Company, therefore, no provision has been made in this regard.

16.2 Commitment

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	2023	2022
	Rupees	
17. OPERATING REVENUE		
Commission income - gross	17,834,265	31,722,349
Less: Sales Tax	<u>(2,051,730)</u>	<u>(3,649,474)</u>
Commission income - net	15,782,535	28,072,875
Dividend income	70,151,344	52,479,839
	<u>85,933,879</u>	<u>80,552,714</u>

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18. ADMINISTRATIVE EXPENSES	Note	2023	2022
		Rupees	
Salaries, commission, benefits and allowances		22,965,781	26,496,803
Directors' remuneration	18.1	2,400,000	4,800,000
PSX service charges		2,077,509	2,358,480
CED charges		1,506,808	1,747,844
NCCPL and other charges		1,243,513	1,513,632
Insurance expenses		227,189	73,080
Printing and stationery		116,757	89,370
Fees and subscription		3,686,821	2,789,467
Communication charges		407,296	499,295
Legal and professional		293,940	808,000
Auditors' remuneration - Audit fee		550,000	450,000
Vehicle running expenses		1,780,382	332,377
Donation	18.2	2,990,000	3,025,000
Rent, rates & taxes		875,831	892,886
Travelling and conveyance		4,129,876	1,493,879
Entertainment		445,959	518,485
Repairs and maintenance		3,398,542	381,910
Depreciation		2,255,948	794,968
Provision for expected credit losses on trade debts	8.2	56,129	-
General expenses		1,879,151	352,813
		<u>53,318,874</u>	<u>49,827,619</u>

18.1 Remuneration to Chief Executive, Director and Executives

	Chief Executive		Directors		Total	
	2023	2022	2023	2022	2023	2022
	Rupees					
Basic salary	1,598,000	1,598,000	-	1,598,000	1,598,000	1,796,800
House allowance	64,700	64,700	-	64,700	64,700	1,281,500
Utility allowance	159,800	159,800	-	159,800	159,800	159,800
	<u>1,822,500</u>	<u>1,822,500</u>	<u>-</u>	<u>1,822,500</u>	<u>1,822,500</u>	<u>3,238,100</u>
Number of persons	1	1	1	1	2	2

18.2 Presently, the Company has no 'executives' as defined in the Fifth Schedule to the Companies Act, 2017.

18.3 The parties to whom donation paid by the Company exceeds or equals to Rs. 1 million are as follows:

	2023	2022
	Rupees	
M/s. Dae ul Saloon	-	1,000,000
M/s. The Kidney Centre	-	1,000,000
M/s. The Arjuna Mission Association	<u>1,467,000</u>	<u>1,000,000</u>

18.4 Name of the directors of the Company or their spouses had any interest in the above organizations.

19. FINANCE COSTS	2023	2022
	Rupees	
Markup on carrying finance	3,682,991	2,749,293
Bank charges	<u>196,724</u>	<u>190,519</u>
	<u>3,879,715</u>	<u>2,939,812</u>

	2023	2022
	Rupees	
20. OTHER INCOME		
Profit on saving accounts	1,001,513	1,674,443
Profit on cash margin placed with NCCPL	585,921	306,920
Rental income	448,877	1,047,300
	<u>2,036,311</u>	<u>3,028,663</u>
21. TAXATION		
Current	10,636,977	8,360,415
Prior	(86,236)	753,012
	<u>10,550,741</u>	<u>9,113,427</u>
21.1 Reconciliation of the tax expense with accounting profit		
Accounting profit before tax	<u>7,749,456</u>	<u>18,364,812</u>
Tax at the applicable rate of 29% (2022: 29%)	2,247,342	5,325,795
Tax effect of exempt income and income taxed at lower rate	6,680,482	3,581,191
Tax effect of income taxed at lower rate - dividend income	(7,799,426)	(5,708,055)
Tax effect of minimum tax	248,382	350,911
Tax effect of inadmissible expenses	9,514,017	5,618,849
Effect of prior tax	(86,236)	753,012
Others	(255,820)	(808,276)
	<u>10,550,741</u>	<u>9,113,427</u>

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

22. CASH AND CASH EQUIVALENTS

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

		2023	2022
	Note	Rupees	
Cash and bank balances	12	160,436,241	122,282,499
Short term borrowings	13	(180,254,395)	(95,509,737)
		<u>(19,818,154)</u>	<u>26,772,762</u>

23. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel including directors and their close family members and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive and Directors is disclosed in note 18.1 to the financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:



Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2023	2022
Rupees			
Long term deposits		2,010,200	1,510,200
Trade debts	(a)	1,928,351	2,947,294
Deposits, loans and other receivables		13,243,087	7,196,101
Bank balances	(b)	140,428,336	122,260,855
		<u>177,629,974</u>	<u>133,914,450</u>

Note (a) - Credit risk exposure on trade debts

Credit risk of the Company mainly arises from deposits with banks, trade debts, short term deposits, loans and other receivables. 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.

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

	June 30, 2023		June 30, 2022	
	Trade debts - Gross	Life time expected credit losses	Trade debts - Gross	Life time expected credit losses
Rupees				
Past due 1 day - 90 days	578,779	-	1,334,112	-
Past due 90 days - 180 days	207,890	-	387,504	-
Past due 181 days - 1 year	182,294	-	322,998	-
More than 1 year	967,392	157,176	902,680	101,047
	<u>1,928,355</u>	<u>157,176</u>	<u>2,947,294</u>	<u>101,047</u>

Note (b) - Credit risk exposure on bank balances

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

Bank	Rating agency	Short-term Rating	2023	2022
Rupees				
Bank Al-Habib Limited	PACRA	A-1+	159,924,927	111,534,132
Habib Metropolitan Bank Limited	PACRA	A-1+	408,209	466,583
MCB Bank Limited	PACRA	A-1+	-	41,648
Bank Alfalah Limited	PACRA	A-1+	-	10,157,503
National Bank of Pakistan	PACRA	A-1+	18,321	18,321
Habib Bank Limited	JCR-VIS	A-1+	16,879	42,668
			<u>160,428,336</u>	<u>122,260,855</u>

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Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was exposed to the following concentrations of credit risk:

	June 30, 2023			June 30, 2022		
	Total exposure-Gross	Concentration	% of total exposure	Total exposure-Gross	Concentration	% of total exposure
	Repos					
Trade debts	1,928,351	-	0.00%	2,947,294	847,172	28.74%
Bank balances	148,428,336	189,924,927	99.69%	122,360,855	122,491,633	99.57%
		<u>189,924,927</u>			<u>122,491,633</u>	

24.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The following are the contractual maturities of financial liabilities:

	June 30, 2023					
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Repos					
<i>Non-derivative financial liabilities</i>						
Trade and other payables	181,921,781	(181,921,781)	(181,921,781)	-	-	-
Short term borrowing	188,254,395	(188,254,395)	(188,254,395)	-	-	-
Accrued markup	1,298,568	(1,298,568)	(1,298,568)	-	-	-
	<u>363,274,736</u>	<u>(363,274,736)</u>	<u>(363,274,736)</u>	-	-	-

	June 30, 2022					
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Repos					
<i>Non-derivative financial liabilities</i>						
Trade and other payables	126,925,239	(126,925,239)	(126,925,239)	-	-	-
Short term borrowing	95,508,737	(95,508,737)	(95,508,737)	-	-	-
Accrued markup	911,493	(911,493)	(911,493)	-	-	-
	<u>223,346,469</u>	<u>(223,346,469)</u>	<u>(223,346,469)</u>	-	-	-

24.1.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

ii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Company was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

iii) **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 regulatory authorities which reduces the volatility of prices of equity securities. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to price risk since it had investments in quoted securities and also because the Company held collaterals in the form of equity securities against their debtor balances.

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

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

Sensitivity analysis

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

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices (Rupees)	Hypothetical effect on profit / (loss) before tax (Rupees)
June 30, 2023	878,456,056	10% increase	966,301,663	87,845,606
		10% decrease	790,610,450	(87,845,606)
June 30, 2022	792,413,889	10% increase	871,657,478	79,241,589
		10% decrease	713,174,300	(79,241,589)

iv) **Interest rate risk**

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

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

	2023	2022	2023	2022
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
<i>Variable rate instruments</i>				
Balance held in saving accounts	8.5%-12.5%	6%-7.5%	<u>4,398</u>	<u>160,621</u>
Financial liabilities				
<i>Variable rate instruments</i>				
Short term borrowing	3-Month KIBOR +1%	3-Month KIBOR +1%	<u>180,254,395</u>	<u>95,509,737</u>

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Effect on profit before tax	
	1% increase	1% (decrease)
	Rupees	
As at June 30, 2023		
Cash flow sensitivity	<u>(1,802,501)</u>	<u>1,802,501</u>
As at June 30, 2022		
Cash flow sensitivity	<u>(953,491)</u>	<u>953,491</u>
	2023	2022
	Rupees	
14.2 Financial instruments by categories		
14.2.1 Financial assets		
<i>At fair value through profit or loss</i>		
- Short term investments	<u>878,454,054</u>	<u>702,415,880</u>
<i>At amortized cost</i>		
- Long term deposits	2,018,200	1,510,200
- Trade debts	1,771,175	2,846,247
- Deposits, loans and other receivables	13,263,087	7,196,101
- Cash and bank balances	<u>160,456,241</u>	<u>122,282,499</u>
	<u>177,488,703</u>	<u>133,815,047</u>
14.2.2 Financial liabilities		
<i>At amortized cost</i>		
- Trade and other payables	181,921,781	126,925,239
- Short term borrowing	180,254,395	95,509,737
- Accrued markup	1,198,560	911,493
	<u>363,374,736</u>	<u>223,346,469</u>

25. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

Level 2 : Valuation techniques based on observable inputs.

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

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

The table below analyses assets 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:

	Level 1	Level 2	Level 3	Total
	Rupees			
June 30, 2023				
Short term investments	878,456,056	-	-	878,456,056
	Level 1	Level 2	Level 3	Total
	Rupees			
June 30, 2022				
Short term investments	792,415,889	-	-	792,415,889

26. CAPITAL RELATED DISCLOSURES

26.1 Capital management

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

Following is the capital analysis of what company manages as capital:

	2023	2022
	Rupees	
Borrowings:		
Short term borrowing	180,254,395	95,509,737
Shareholder's equity:		
Issued, subscribed and paid up capital	250,000,000	97,400,000
Unappropriated profit	474,914,505	630,315,790
General reserve	2,600,000	2,600,000
	727,514,505	730,315,790
	<u>907,768,900</u>	<u>825,825,527</u>

The Company is not subject to any externally imposed capital requirements other than the ones specified in notes 26.2 and 26.3 below.

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26.2 Capital Adequacy level

The Capital Adequacy Level as defined by the Central Depository Company of Pakistan Limited (CDC) is calculated as follows:

	Note	2023 Rupees	2022
Total assets	26.2.1	1,090,999,819	954,270,550
Less: Total liabilities		(363,485,314)	(223,954,760)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		727,514,505	730,315,790

26.2.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

26.3 Liquid Capital [as per the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016]

S. No.	Head of Account	Value in Pak Rupees	Net Cost / Adjustments	Net Adjusted Value	
1.1	Property & Equipment	13,813,759	13,813,759	-	
1.2	Intangible Assets	3,500,000	3,500,000	-	
1.3	Investment in Govt. Securities	-	-	-	
1.4	Investment in Debt Securities				
	If listed then:				
	5.1% of the balance sheet value in the case of tenure upto 1 year	-	-	-	
	5.7.5% of the balance sheet value, in the case of tenure from 1-2 years	-	-	-	
	6.10% of the balance sheet value, in the case of tenure of more than 2 years	-	-	-	
	If unlisted then:				
1.5	Investment in Equity Securities				
	5.7 listed 20% or 20% of each securities as the cutoff date as computed by the securities exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of base minimum capital	878,408,204	107,003,875	766,404,329	
	5.7 unlisted, 100% of carrying value	-	-	-	
	1.6	Investment in subsidiaries	-	-	-
	1.7	Investment in associated companies/undertaking			
		5.7 listed 20% or 20% of each securities as computed by the securities exchange for respective securities whichever is higher	-	-	-
5.7 unlisted, 100% of net value		-	-	-	
1.8	Statutory or regulatory deposits/bank deposits with the exchanges, clearing house or central depository or any other entity.	2,000,000	2,000,000	-	
	(i) 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	-	-	-	
1.9	Margin deposits with exchange and clearing house	109,400	-	-	
1.10	Deposit with authorized intermediaries against borrowed securities under S.B	-	-	-	
1.11	Other deposits and prepayments	2,124,380	2,124,380	-	
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Net)	-	-	-	
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties.	-	-	-	
1.13	Dividends receivables	-	-	-	
1.14	Amounts receivable against Repo financing	-	-	-	
	Amount paid as purchaser under the RPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-	

TUC

S. No.	Head of Account	Value in Req. Response	Post-Cat / Adjustments	Net Adjusted Value
1.15	Advances and receivables other than trade Receivables: (i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	505,400	505,400	-
	(ii) No haircut may be applied to the advance tax to the extent it is settled with provision of taxation.	10,236,112	10,236,112	-
	(iii) in all other cases 100% of net value	-	-	-
1.16	Receivables from clearing house or securities exchange(s) 100% value of claims other than those on account of entitlements against trading of securities in all markets including NSEI gains.	-	-	-
	Claims on account of entitlements against trading of securities in all markets including NSEI gains	12,588,227	-	12,588,227
1.17	Receivables from customers A. 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. B. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	C. In case receivables are against margin trading, 5% of the net balance sheet value.	-	-	-
	D. Net amount after deducting haircut	-	-	-
	E. In case of other trade receivables not more than 1 day overdue, 0% of the net balance sheet value.	30,440	-	30,440
1.18	F. Balance sheet value A. In case of other trade receivables are overdue, or 1 day 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. B. Lower of net balance sheet value or value determined through adjustments	1,734,730	224,807	1,510,713
	G. In the case of amount of receivables from related parties, value determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: (i) 0% to 30 days, value determined after applying VaR based haircuts. (ii) Above 30 days but upto 90 days, value determined after applying 50% or VaR based haircuts whichever is higher. (iii) above 90 days 100% haircut shall be applicable. H. Lower of net balance sheet value or value determined through adjustments	-	-	-
1.19	Cash and Bank balances 1. Bank balance proprietary accounts	120,405	-	120,405
	2. Bank balance customer accounts	140,807,711	-	140,807,711
	3. Cash in hand	7,405	-	7,405
1.20	Subscription money against investment in IPO/ offer for sale (over)	-	-	-
	(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 investment in IPO where shares have been allotted but not yet credited in CDS account, 25% haircut will be applicable on the value of such securities. (iii) In case of subscription in rights shares where the shares have not yet been credited in CDS account, 10% or VAR based haircut whichever is higher, will be applied on Rights Shares.	-	-	-
1.21	Total Assets	1,090,899,819	174,836,542	916,063,277
2. Liabilities				
2.1	Trade Payables 1. Payable to exchanges and clearing house	-	-	-
	2. Payable against leveraged market products	-	-	-
	3. Payable to customers	140,807,711	-	140,807,711
	4. Payable to other parties	-	-	-
2.2	Current liabilities 1. Statutory and regulatory dues	110,578	-	110,578
	2. Accruals and other payables	22,812,610	-	22,812,610
	3. Short-term borrowings	140,254,005	-	140,254,005
	4. Current portion of subordinated loans	-	-	-
	5. Current portion of long term liabilities	-	-	-
	6. Deferred liabilities	-	-	-
	7. Provision for taxation	-	-	-
2.3	Other liabilities as per accounting principles and included in the financial statements	-	-	-

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S. No.	Head of Account	Value in Pd. Rupees	Net Cap / Adjustments	Net Adjusted Value
2. Liabilities				
	Non-Current liabilities			
	1. Long Term financing	-	-	-
	2. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	a. Staff retirement benefits	-	-	-
	Note:			
	(a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases.	-	-	-
	(b) Nil in all other cases	-	-	-
2.4	Subordinated loans			
	1. 100% of subordinated loans which fulfil the conditions specified by ICF are allowed to be deducted	-	-	-
2.5	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.	-	-	-
2.6	Total liabilities	363,485,214	-	363,485,214
3. Netting Liabilities Relating to:				
	Concentration in Margin Financing			
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the Finances exceed 10% of the aggregate of amounts receivable from total Finances. (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 Finance from aggregate amount shall be include in the netting liabilities	-	-	-
	Concentration in securities lending and borrowing			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCFE, (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 100% of the market value of shares borrowed. (Note only amount exceeding by 10% of each borrower from market value of shares borrowed shall be included in the netting liabilities)	-	-	-
	Net underwriting Commitments			
3.3	(a) In the case of rights issues, if the market value of securities is less than or equal to the subscription price, the aggregate of: (i) the 50% of amount multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the amount multiplied by the net underwriting commitment. (b) In any other case, 10% 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 NCFE	-	-	-
	Repo adjustment			
3.7	In the case of Finance/purchase the total amount receivable under Repo less the 100% of the market value of underlying securities. In the case of Finance/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.	-	-	-

THC

S. No.	Head of Account	Value in Rupees	Net Liab./ Adjustments	Net Adjusted Value
3. Hedging facilities relating to:-				
3.8	Concentrated proprietary positions			
	If the market value of any security is between 20% and 50% of the total proprietary positions then 2% of the value of such security. If the market of a security exceeds 50% of the proprietary positions, then 10% of the value of such security	-	-	-
3.9	Openning Positions in futures and options			
	1. 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 haircut	-	-	-
	2. In case of proprietary positions, the total margin requirements in respect of open positions less the amount already paid	-	-	-
3.10	Short sell positions			
	1. 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 haircut less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VaR based haircut	-	-	-
	2. 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 haircut	-	-	-
3.11	Total Hedging facilities	-	-	-

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	1,096,099,819	174,896,540	921,203,277
(ii) Less: Adjusted value of liabilities (serial number 1.4)	(263,485,514)	-	(263,485,514)
(iii) Less: Total hedging facilities (serial number 3.11)	-	-	-
	<u>732,614,305</u>	<u>174,896,540</u>	<u>907,510,845</u>

27. GENERAL

2023

2022

27.1 Customers assets held in the Central Depository System

No. of shares as at June 30

199,449,369

171,484,083

Amount of shares as at June 30

2,706,952,352

3,331,651,988

27.2 Reclassification of corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation.

27.3 Number of employees

Number of persons employed by the Company as on the year end were 29 (2022: 31) and average number of employees during the year were 30 (2022: 31).

27.4 Date of authorization of financial statements for issue

These financial statements were approved by the Board of Directors of the Company in their meeting held on 08 OCT 2023.

27.5 Level of rounding

All the figures in the financial statements have been rounded off to the nearest rupee.


Chief Executive


Director