

**AUDITED FINANCIAL STATEMENTS
OF
MEMON SECURITIES (PRIVATE) LIMITED
FOR THE YEAR ENDED
JUNE 30, 2022**

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



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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, 2022**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, total comprehensive income, 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 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; 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 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

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 31, 2022
UDIN: AR202210210N9f0r2Law



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RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: October 31, 2022
UDIN: AR202210210N9f0r2Law

Memon Securities (Private) Limited

Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	4	5,645,554	6,365,619
Intangible assets	5	3,500,000	3,500,000
Investment property	6	1,423,153	1,498,056
Long term deposits and advances	7	4,010,200	4,010,200
		14,578,907	15,373,875
Current assets			
Trade debts	8	2,846,247	6,134,413
Short term investments	9	792,415,889	890,246,023
Deposit, loan, prepayment and other receivables	10	7,220,290	4,080,253
Income tax refundable	11	14,926,718	15,520,897
Cash and bank balances	12	122,282,499	213,507,321
		939,691,643	1,129,488,907
Total assets		954,270,550	1,144,862,782
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	13	100,000,000	100,000,000
Issued, subscribed and paid up capital	13	97,400,000	97,400,000
<i>Revenue reserves</i>			
Unappropriated profit		630,315,790	621,064,405
General reserve		2,600,000	2,600,000
		632,915,790	623,664,405
		730,315,790	721,064,405
Current liabilities			
Trade and other payables	14	127,159,653	223,055,050
Short term borrowing	15	95,509,737	200,160,825
Unearned rental income		373,877	-
Accrued markup		911,493	582,502
		223,954,760	423,798,377
Contingencies and commitments			
	16		
Total equity and liabilities		954,270,550	1,144,862,782

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


Chief Executive


Director

Memon Securities (Private) Limited

Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022	2021
		Rupees	
Operating revenue	17	80,552,714	88,909,202
Capital (loss) / gain on sale of investments		(2,710,182)	26,359,535
		<u>77,842,532</u>	<u>115,268,737</u>
Administrative expenses	18	(49,927,419)	(65,032,301)
Finance costs	19	(2,940,212)	(2,415,665)
		<u>(52,867,631)</u>	<u>(67,447,966)</u>
(Loss) / gain on re-measurement of investments		(9,638,752)	109,551,419
Other income	20	<u>3,028,663</u>	<u>2,478,696</u>
Profit before taxation		<u>18,364,812</u>	<u>159,850,886</u>
Taxation	21	(9,113,427)	(9,657,726)
Profit after taxation		<u>9,251,385</u>	<u>150,193,160</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, 2022

	<u>2022</u>	<u>2021</u>
	<u>Rs</u>	<u>Rs</u>
Profit after taxation	9,251,385	150,193,160
Other comprehensive income	-	-
Total comprehensive income for the year	<u>9,251,385</u>	<u>150,193,160</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, 2022

	Issued, subscribed and paid up capital	Revenue reserves		Total
		Unappropriated profit	General reserve	
Rupees				
Balance as at June 30, 2020	97,400,000	470,871,245	2,600,000	570,871,245
<i>Total comprehensive income for the year ended June 30, 2021</i>				
- Profit after taxation	-	150,193,160	-	150,193,160
- Other comprehensive income	-	-	-	-
		150,193,160	-	150,193,160
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

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



Chief Executive



Director

Memon Securities (Private) Limited

Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	2021
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		18,364,812	159,850,886
<i>Adjustment for non-cash and other items:</i>			
Depreciation on property and equipment	4	720,065	869,030
Loss on disposal of property and equipment		-	15,246
Depreciation on investment property	6	74,903	78,845
Provision for expected credit losses on trade debts	8.2	-	7,729
Finance cost	19	2,940,212	2,415,665
Profit on saving accounts	20	(1,674,443)	(1,588,650)
Profit on cash margin placed with PSX	20	(306,920)	(215,176)
Rental income	20	(1,047,300)	(674,870)
		706,517	907,819
Cash flow before working capital changes		19,071,329	160,758,705
Changes in working capital			
<i>Decrease/(Increase) in current assets</i>			
Trade debts		3,288,166	(4,301,287)
Purchase / sale of investments-net		(97,830,134)	(301,582,118)
Deposit, loan, prepayment and other receivables		(3,318,679)	(2,660,929)
		97,799,621	(308,544,334)
<i>Increase/(Decrease) in current liabilities</i>			
Trade and other payables		(95,895,397)	133,999,668
Cash generated from / (used in) operations		20,975,553	(13,785,961)
Finance cost paid		(2,611,220)	(1,872,900)
Income tax paid		(8,519,248)	(9,916,155)
Net cash generated from / (used in) operating activities		9,845,085	(25,575,016)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		-	(63,180)
Proceeds from sale property and equipment		-	1,142,080
Profit received on saving accounts		1,674,443	1,588,650
Profit received on cash margin placed with PSX		306,920	215,176
Rental income received		1,599,818	-
Net cash generated from investing activities		3,581,181	2,882,726
Net increase / (decrease) in cash and cash equivalents		13,426,266	(22,692,290)
Cash and cash equivalents at the beginning of the year		13,346,496	36,038,786
Cash and cash equivalents at the end of the year	22	26,772,762	13,346,496

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


Chief Executive


Director

Memon Securities (Private) Limited

Notes to the Financial Statements

For the year ended June 30, 2022

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 of the Company is situated at Room Nos. 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.

- (a) Useful lives, depreciation methods and residual values of property and equipment;
- (b) Useful lives, depreciation methods and residual values of investment property;
- (c) Provision for taxation.

2.5 New Accounting Pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2022.

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- **Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)** effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.
- **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)** effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.
- **Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework**, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.

- *Amendments to IAS 1 Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Company is currently in the process of assessing the impacts of these amendments to these financial statements.*

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:*

- a. *requiring companies to disclose their material accounting policies rather than their significant accounting policies;*
- b. *clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and*
- c. *clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.*

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The management of the Company is currently in the process of assessing the impacts of above amendments to these financial statements.

- *Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.*

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Company.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)* – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.
- *IFRS 9* – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the "10 per cent" test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- *IFRS 16* – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- *IAS 41* – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

The above amendments are not likely to affect the financial statements of the Company.

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 5 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),
- (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.

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

	Offices	Furniture and fixtures	Office Equipment	Computers	Vehicles	Total
Rupees						
At June 30, 2020						
Cost	3,450,000	485,037	1,782,174	1,323,873	8,241,883	15,282,967
Accumulated depreciation	(336,375)	(295,581)	(523,596)	(1,096,425)	(4,702,285)	(6,954,172)
Net book value	3,113,625	189,456	1,258,578	227,448	3,539,598	8,328,795
<i>Movement during the year ended June 30, 2021</i>						
Opening net book value	3,113,625	189,456	1,258,578	227,448	3,539,598	8,328,795
Additions during the year	-	-	-	63,180	-	63,180
Disposals:						
Cost	-	-	-	-	(1,784,500)	(1,784,500)
Accumulated depreciation	-	-	-	-	627,174	627,174
Depreciation charge	(155,681)	(18,946)	(129,867)	(80,987)	(487,549)	(863,030)
Closing net book value	2,957,944	170,510	1,128,711	209,461	1,894,723	6,365,619
At June 30, 2021						
Cost	3,450,000	485,037	1,782,174	1,387,053	6,457,383	13,561,647
Accumulated depreciation	(482,050)	(314,525)	(649,373)	(1,177,612)	(4,562,660)	(7,196,020)
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	(147,897)	(17,893)	(113,288)	(62,892)	(378,945)	(728,865)
Closing net book value	2,819,047	153,619	1,019,513	146,549	1,515,778	5,645,514
At June 30, 2022						
Cost	3,450,000	485,037	1,782,174	1,387,053	6,457,383	13,561,647
Accumulated depreciation	(630,953)	(331,378)	(762,653)	(1,240,304)	(4,941,605)	(7,914,893)
Net book value	2,819,047	153,659	1,019,521	146,749	1,515,778	5,645,514
Depreciation rate (% per annum)	5%	10%	10%	30%	20%	

5. INTANGIBLE ASSETS	Note	2022	2021
		Rupees	
Membership Card - PMEX		1,000,000	1,000,000
Trading Right Entitlement Certificate - PSX	5.1	2,500,000	2,500,000
		<u>3,500,000</u>	<u>3,500,000</u>

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.

		2022	2021
		Rupees	
6. INVESTMENT PROPERTY			
Opening net book value		1,498,056	1,576,901
Less: Depreciation charge for the year		<u>(74,903)</u>	<u>(78,845)</u>
Closing net book value		<u>1,423,153</u>	<u>1,498,056</u>
		<u>8%</u>	<u>8%</u>

6.1 The Company measure its investment properties using cost model. As at the reporting date, the fair value of investment properties amounting to Rs. 2.1 million (2021: 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.

		2022	2021
		Rupees	
7. LONG TERM DEPOSITS AND ADVANCES	<i>Note</i>		
Trading deposits			
- National Clearing Company of Pakistan Limited	7.1	1,400,000	1,400,000
- Central Depository Company of Pakistan Limited		<u>100,000</u>	<u>100,000</u>
		1,500,000	1,500,000
Other deposits		10,200	10,200
Advances			
- Pakistan Mercantile Exchange Limited (PMEX)	7.2	<u>2,500,000</u>	<u>2,500,000</u>
		<u>4,010,200</u>	<u>4,010,200</u>

7.1 These includes basic deposits and security deposits (including the security deposit relating to DFC market).

7.2 * This represent an advance made to Pakistan Mercantile Exchange Limited (PMEX) for acquiring an office space at NCEL Building Project.

		2022	2021
		Rupees	
8. TRADE DEBTS	<i>Note</i>		
Considered good- secured		2,846,247	6,134,413
Considered doubtful- unsecured		<u>101,047</u>	<u>101,047</u>
		2,947,294	6,235,460
Less: Provision for expected credit losses	8.2	<u>(101,047)</u>	<u>(101,047)</u>
		<u>2,846,247</u>	<u>6,134,413</u>

8.1 As of the reporting date, the Company held equity securities having fair value of Rs. 263.07 million (2021: Rs.476.87 million) owned by its clients, as collaterals against trade debts.

8.1.1 Total customer assets held in central depository system including collaterals against trade payable amounts to Rs.3,219.44 million (2021 Rs 4,047.58 million).

		2022	2021
		Rupees	
8.2 Movement in provision for doubtful debts	<i>Note</i>		
Balance at the beginning of the year		101,047	93,318
Add: Charge for the year		-	7,729
Balance at the end of the year		<u>101,047</u>	<u>101,047</u>

9. SHORT TERM INVESTMENTS -

At fair value through profit or loss

- Quoted equity securities	9.1	<u>792,415,889</u>	<u>890,246,023</u>
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9.1 Investment in quoted equity securities

Scrips		Scrip name	Market Value	
2022	2021		2022	2021
—Numbers—			—Rupee—	
1,500	1,500	ABBOTT LABORATORIES (PAKISTAN) LIMITED	1,014,400	2,812,878
290,000	-	AGRITECH LIMITED	1,462,500	-
132,000	47,000	ASHA STEEL MILLS LIMITED	1,478,600	10,307,470
1,000	1,000	AKZO NOBEL PAKISTAN LIMITED	-	270,000
21,500	270,500	AL SHAHEER CORPORATION LIMITED	194,300	5,446,710
1,200	1,200	AL-GHAZI TRACTORS LIMITED	487,710	493,700
26,500	104,500	AMRELI STEELS LIMITED	480,520	5,191,000
19,000	70,000	ATTOCK PETROLEUM LIMITED	4,104,800	22,504,200
128,500	81,500	AVANCON LIMITED	10,011,400	7,471,000
11,500	100,000	AZGARD NINE LIMITED	118,220	5,422,400
52,700	16,300	BESTWAY CEMENT LIMITED	4,491,800	2,632,770
16,500	1,500	CHE RAT CEMENT COMPANY LIMITED	1,510,100	420,000
48,000	-	CNERGYCO PK LIMITED	296,220	-
104,000	77,000	D.G. KHAN CEMENT COMPANY LIMITED	10,200,000	9,138,000
4,021	39,821	ENGRO CORPORATION LIMITED	1,653,750	11,751,600
227,700	46,000	ENGRO FERTILIZERS LIMITED	21,049,720	3,232,400
1,100	86,400	ENGRO POLYMER & CHEMICALS LIMITED	94,800	4,189,800
1,110,500	1,209,500	FALCH CEMENT COMPANY LIMITED	44,713,400	77,268,500
9,100	77,100	FALCH FERTILIZER BIN-QASIM LIMITED	196,020	2,038,614
1,778,000	1,504,000	FALCH FERTILIZER COMPANY LIMITED	19,971,100	16,470,000
28,000	-	FALCH FOODS LIMITED	181,600	-
109,500	-	FLYING CEMENT COMPANY LIMITED	796,210	-
79,500	-	GRANDHARA INDUSTRIES LIMITED	9,394,210	-
4,500	-	GRANI GLOBAL GLASS LIMITED	71,700	-
208,000	270,500	GRANI GLOBAL HOLDINGS LIMITED	1,014,000	13,470,000
10,000	46,000	GUL AIMED TEXTILE MILLS LIMITED	38,100	3,348,100
41,500	-	HARB SUGAR MILLS LIMITED	1,948,000	-
9,100	41,000	ICI PAKISTAN LIMITED	4,919,400	35,444,200
1,000	1,000	INDUS MOTOR COMPANY LIMITED	1,014,700	1,862,700
9,100	47,000	INTERNATIONAL INDUSTRIES LIMITED	99,620	9,928,400
124,500	48,000	INTERNATIONAL STEELS LIMITED	7,981,000	4,370,000
1,094,000	401,000	K-ELECTRIC LIMITED	5,940,100	1,474,100
37,500	44,500	KORNOOR TEXTILE MILLS LIMITED	2,870,000	4,850,400
31,000	1,000	KOT ADDU POWER COMPANY LIMITED	908,400	44,200
1,000	1,000	LALPUR POWER LIMITED	41,700	80,300
47,500	-	LOADS LIMITED	401,220	-
308,200	396,500	LOTTE CHEMICAL PAKISTAN LIMITED	7,281,800	9,209,900
15,500	17,400	LUCKY CEMENT LIMITED	7,110,570	15,023,870
194,424	110,924	MAPLE LEAF CEMENT FACTORY LIMITED	5,317,400	5,211,210
31,140	27,914	MARI PETROLEUM COMPANY LIMITED	54,091,100	42,950,820
26,000	107,000	MERIT PACKAGING LIMITED	228,500	1,874,300
10,000	4,500	MILLAT TRACTORS LIMITED	8,777,400	7,448,970
40,500	-	MUGHAL IRON & STEEL INDUSTRIES LIMITED	1,487,220	-
21,500	1,500	NATIONAL REFINERY LIMITED	1,436,200	2,877,500
112,500	16,500	NETSOL TECHNOLOGIES LIMITED	11,228,700	2,894,670
26,000	191,000	NSHAT CHUNAN LIMITED	1,044,500	9,685,300
122,400	16,000	NSHAT MILLS LIMITED	9,046,900	1,492,000
528,700	107,700	OIL & GAS DEVELOPMENT COMPANY LIMITED	41,902,820	10,224,750
15,200	1,400	PACKAGES LIMITED	4,982,610	2,971,100
84,500	330,000	PAK ELEKTRON LIMITED	1,242,700	11,740,000
471	17,471	PAK SUZUKI MOTOR COMPANY LIMITED	140,700	4,204,800

Scrips		Scrip name	Market Value	
2022	2021		2022	2021
-----Numbers-----			-----Rupees-----	
12,000	12,000	PAKGEN POWER LIMITED	221,800	295,000
130,000	-	PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED	702,400	-
250,000	250,000	PAKISTAN OIL FIELDS LIMITED	10,821,707	9,821,413
7,500	-	PAKISTAN OXYGEN LTD	90,135	-
278,500	278,170	PAKISTAN PETROLEUM LIMITED	26,054,535	24,153,501
271,000	-	PAKISTAN REFINERY LIMITED	4,881,970	-
104,832	16,500	PAKISTAN STATE OIL COMPANY LIMITED	18,014,231	1,719,879
4,500	-	PAKISTAN TELECOMMUNICATION COMPANY LIMITED	31,320	-
107,000	36,400	PIONEER CEMENT LIMITED	11,059,207	4,770,048
151,000	214,000	POWER CEMENT LIMITED	803,320	2,059,540
17,500	221,500	POWER PREF SHARES	133,800	2,586,475
801,403	-	PAKISTAN STOCK EXCHANGE LIMITED	8,290,034	-
171,500	171,500	SAF POWER LIMITED	1,074,000	2,073,810
40,000	10,000	SECURITY PAPERS LIMITED	4,638,400	1,445,700
500	400	SHELL PAKISTAN LIMITED	70,878	105,120
18,000	-	SIEMENS (PAKISTAN) ENGINEERING COMPANY LIMITED	12,290,761	-
270,000	216,000	SIG NORTHERN GAS PIPELINES LIMITED	9,207,400	10,495,200
24,500	141,000	SIG SOUTHERN GAS COMPANY LIMITED	221,970	1,875,300
150,000	126,000	TARIQ GLASS INDUSTRIES LIMITED	16,194,200	13,401,800
201,000	-	TELECARD LIMITED	2,178,800	-
4,500	4,500	TRIAL LIMITED	1,752,530	2,740,070
15,000	122,500	THE HUB POWER COMPANY LIMITED	1,022,530	9,774,375
120,000	14,000	THE SEARLE COMPANY LIMITED	13,082,400	1,794,400
70,000	-	TPL CORP LIMITED	638,400	-
75,500	471,000	TREET CORPORATION LIMITED	2,203,000	21,408,770
202,500	91,000	TRG PAKISTAN LIMITED	22,619,020	15,468,600
178,500	158,500	UNITY FOODS LIMITED	1,542,300	7,054,420
48,500	205,000	WAVES SINGER PAKISTAN LTD	617,400	1,588,300
-	58,000	ATTOCK REFINERY LIMITED	-	14,874,100
-	18,000	BAWANY AIR PRODUCTS LIMITED	-	296,420
-	128,500	BYCO PETROLEUM PAKISTAN LIMITED	-	1,813,800
-	2,800	FERROXONS LABORATORIES LIMITED	-	1,889,000
-	32,500	GHANDHARA NISSAN LIMITED	-	1,540,970
-	26,000	HAMB INSURANCE COMPANY LIMITED	-	315,900
-	407,500	HASCOL PETROLEUM LIMITED	-	4,174,770
-	1,000	HONDA ATLAS CARS (PAKISTAN) LIMITED	-	340,700
-	821,000	ILUM NETWORK LIMITED	-	6,680,600
-	2,000	K2 HOLDINGS LIMITED	-	307,120
-	8,500	KORAT CEMENT COMPANY LIMITED	-	1,751,160
-	57,000	MUGHAL IRON AND STEEL INDUSTRIES LIMITED	-	1,850,800
-	2,500	NATIONAL BANK OF PAKISTAN	-	91,420
-	175,500	NIMR RESINS LIMITED	-	1,536,120
-	878,500	PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED	-	9,987,120
-	6,072	PAKISTAN OXYGEN LIMITED	-	90,100
-	540,500	PAKISTAN TELECOMMUNICATION COMPANY LIMITED	-	6,298,120
-	1,601,403	PAKISTAN STOCK EXCHANGE LIMITED	-	10,821,206
-	27,000	SAZGAR ENGINEERING WORKS LIMITED	-	4,241,670
-	14,000	SHABER TILES & CERAMICS LIMITED	-	466,900
-	265,000	SIDDIQSONS TIN PLATE LIMITED	-	1,072,100
-	100	THE GENERAL TYRE & RUBBER COMPANY OF PAKISTAN	-	8,700
<u>14,05,000</u>	<u>17,00,000</u>		<u>70,404,800</u>	<u>846,746,121</u>

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

	June 30, 2022		June 30, 2021	
	Number of securities	Fair value	Number of securities	Fair value
	Rupees			
Brokerage House	<u>2,096,299</u>	<u>145,342,295</u>	<u>2,801,159</u>	<u>169,408,099</u>

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

	June 30, 2022		June 30, 2021	
	Number of securities	Fair value	Number of securities	Fair value
	Rupees			
Clients	134,246	61,722,548	-	-
Brokerage House	<u>1,838,249</u>	<u>260,498,076</u>	<u>6,626,771</u>	<u>419,630,525</u>
	<u>1,972,495</u>	<u>322,220,624</u>	<u>6,626,771</u>	<u>419,630,525</u>

	2022	2021
	Rupees	
10. DEPOSITS, LOANS PREPAYMENTS AND OTHER RECEIVABLES		
<i>Deposits</i>		
• Deposits placed with NCCPL in respect of Loss on DFCs	5,697,250	1,965,286
<i>Loans</i>		
Loan to employees - unsecured	372,000	372,500
<i>Prepayment</i>		
-Prepaid insurance	24,189	34,395
<i>Other receivables</i>		
-Receivable from NCCPL against profit held on Deliverable Futures Contracts	1,126,851	1,329,430
Rent receivable	-	178,642
	<u>7,220,290</u>	<u>4,080,253</u>
11. INCOME TAX REFUNDABLE		
Opening balance	15,520,897	15,262,468
Advance tax paid during the year	<u>8,519,248</u>	<u>9,916,155</u>
	<u>24,040,145</u>	<u>25,178,623</u>
Provision for taxation - current	(8,360,415)	(9,657,726)
Provision for taxation - prior	(753,012)	-
	<u>(9,113,427)</u>	<u>(9,657,726)</u>
<i>Closing balance</i>	<u>14,926,718</u>	<u>15,520,897</u>

12. CASH AND BANK BALANCES	Note	2022		2021	
		Rupees			
Cash in hand		21,644		9,356	
Cash at bank					
-Saving accounts		160,621		202,792	
-Current accounts	12.1	122,100,234		213,295,173	
		122,260,855		213,497,965	
		122,282,499		213,507,321	

12.1 The return on these balances is 6% to 7.5% (2021: 5.5% to 5.75%) per annum on daily product basis.

12.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 121.769 million (2021: Rs. 212.666 million).

13. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022		2021		2022		2021	
Number of shares		Number of shares		Rupees		Rupees	
1,000,000	1,000,000	1,000,000	1,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Authorized capital:				Ordinary shares of Rs. 100/- each			
Issued, subscribed and paid-up:				Ordinary shares of Rs. 100/- each			
Issued as fully paid in cash				97,400,000			
974,000	974,000	974,000	974,000	97,400,000	97,400,000	97,400,000	97,400,000

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

13.2 Pattern of shareholding is as follows:

Categories of shareholders	2022		2021	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
Drabhin Ahmed Memon	1,000	0.10%	1,000	0.10%
Muhammad Amin Memon	873,000	89.63%	873,000	89.63%
Emaan Amin	50,000	5.13%	50,000	5.13%
Muhammad Mustafa Amin	50,000	5.13%	50,000	5.13%
	974,000	100.00%	974,000	100.00%

14. TRADE AND OTHER PAYABLES	2022		2021	
	Rupees			
Trade payables	121,769,297		210,881,762	
Accrued expenses	1,811,225		2,519,550	
Profit on DFCs payable to clients	426,896		6,902,645	
Exposure withheld	2,986,501		2,585,139	
Others	165,934		165,934	
	127,159,853		223,055,030	
15. SHORT TERM BORROWING				
Running finance	95,509,737		200,160,825	

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 (2021: 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 and personal guarantees of the Mr. Ibrahim Amin Memon(Director) and Mr. Muhammad Amin Memon(Director) amounting to Rs. 511 million. The facility carries markup at the rate of 3-Month KIBOR +1 % p.a. (2021: 3-Month KIBOR +1 % p.a.).

15.2 As of the reporting date, the amount of unavailed facility was Rs. 204,490 million (2021: Rs. 99,839 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 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.

		2022	2021
	Note	Rs	Rs
16.2 Commitment			
Revolving guarantee given by a Habib Metropolitan Bank Limited on behalf of the Company in favour of National Clearing Company of Pakistan Limited against DFC exposure		15,000,000	15,000,000
17. OPERATING REVENUE			
Commission income		28,072,875	47,259,605
Dividend income		52,479,839	41,649,597
		80,552,714	88,909,202
18. ADMINISTRATIVE EXPENSES			
Salaries, commission, benefits and allowances		26,496,903	40,336,305
Directors' remuneration	18.1	4,800,000	4,800,000
PSX service charges		2,358,480	2,461,290
CDC charges		1,747,044	2,084,524
NCCPL and other charges		1,513,632	1,763,654
Insurance expenses		73,080	115,677
Printing and stationery		89,579	121,968
Fees and subscription		2,789,467	2,624,734
Communication		499,395	518,666
Legal and professional		808,000	685,840
Auditors' remuneration - Audit fee		450,000	400,000
Vehicle running expenses		332,377	274,085
Donation	18.4	3,625,000	4,950,000
Rent, rates & taxes		892,016	909,550
Travelling and conveyance		1,493,079	288,438
Entertainment		510,485	519,294
Repairs and maintenance		301,910	529,973
Depreciation		794,968	947,875
General expenses		352,013	521,771
Provision for doubtful debt		-	7,729
Debtors written off		-	155,682
Loss on disposal of property and equipment		-	15,246
		49,927,419	65,032,301

18.1 Chief Executive, Director and Executives Remuneration

	Chief Executive		Directors		Total	
	2022	2021	2022	2021	2022	2021
	Rupees					
Basic salary	1,596,400	1,596,400	1,596,400	1,596,400	3,192,800	3,192,800
House allowance	643,760	643,760	643,760	643,760	1,287,520	1,287,520
Utility allowance	159,840	159,840	159,840	159,840	319,680	319,680
	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>4,800,000</u>	<u>4,800,000</u>
Number of persons	1	1	1	1	2	2

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

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

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

	2022	2021
	Rupees	
M/s. Dar ul Sukun	-	1,000,000
M/s. The Kidney Centre	-	1,000,000
M/s. The Jaspur Memon Association	<u>1,000,000</u>	<u>1,000,000</u>

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

	2022	2021
	Rupees	
19. FINANCE COSTS		
Markup on running finance	2,749,293	2,176,225
Bank charges	<u>190,919</u>	<u>239,440</u>
	<u>2,940,212</u>	<u>2,415,665</u>

20. OTHER INCOME		
Profit on saving accounts	1,674,443	1,588,650
Profit on cash margin placed with NCCPL	306,920	215,176
Rental Income	<u>1,047,500</u>	<u>674,870</u>
	<u>3,028,863</u>	<u>2,478,696</u>

21. TAXATION		
Current	8,360,415	9,657,726
Prior	<u>753,012</u>	<u>-</u>
	<u>9,113,427</u>	<u>9,657,726</u>

21.1 Reconciliation of the tax expense with accounting profit

Accounting profit before tax	<u>18,364,812</u>	<u>159,850,886</u>
Tax at the applicable rate of 29% (2021: 29%)	5,325,795	46,356,757
Tax effect of exempt income and income taxed at lower rate	3,581,191	(35,460,247)
Tax effect of income taxed at lower rate - dividend income	(5,708,055)	(6,613,192)
Tax effect of minimum tax	350,911	2,172,957
Tax effect of inadmissible expenses	5,618,849	1,435,500
Effect of prior tax	753,012	-
Others	<u>(808,276)</u>	<u>1,765,951</u>
	<u>9,113,427</u>	<u>9,657,726</u>

- 21.2 The income tax assessments of the Company have been finalized up to and including the tax year 2021. 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:

	Note	2022 Rupees	2021 Rupees
Cash and bank balances	12	122,282,499	213,507,321
Short term borrowings	13	(95,509,737)	(200,160,825)
		<u>26,772,762</u>	<u>13,346,496</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:

Name of the related party, relationship with the Company and the nature of transaction / balance	2022 Rupees	2021 Rupees
KEY MANAGEMENT PERSONNEL		
Mr. Muhammad Amin Memon (CEO / Director)		
Trade payable at year end	<u>8,145,599</u>	<u>19,354,788</u>
Mr. Ibrahim Ahmad Memon (Director)		
Trade payable at year end	<u>26,249,818</u>	<u>6,259,227</u>
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Mrs. Rakat Amin		
Trade payable at year end	<u>2,815,633</u>	<u>16,078,310</u>

- 23.1 The Company has a practice of not charging any commission from its directors and their spouses / children in respect of trading in securities carried out on their behalf.

24. FINANCIAL INSTRUMENTS

24.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

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

- Credit risk
- Liquidity risk
- Market risk

24.1.1 Credit risk

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

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

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

Maximum exposure to credit risk

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

	Note	2022	2021
		Rupees	
Long term deposits		1,510,200	1,510,200
Trade debts	(a)	2,846,247	6,134,413
Deposits, loans and other receivables		7,196,101	4,045,858
Bank balances	(b)	<u>122,260,855</u>	<u>213,497,965</u>
		<u>133,813,403</u>	<u>225,188,436</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:

	2022		2021	
	Gross	Life time expected credit losses	Gross	Life time expected credit losses
	Rupees			
Past due 1 day - 30 days	1,334,112	-	5,123,011	-
Past due 31 days - 180 days	387,504	-	280,371	-
Past due 181 days - 1 year	322,998	-	156,458	-
More than 1 year	902,680	(101,047)	675,620	(101,047)
	<u>2,947,294</u>	<u>(101,047)</u>	<u>6,235,460</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	2022	2021
			Rupees	
Bank Al-Habib Limited	PACRA	A-1+	111,834,132	212,239,271
Habib Metropolitan Bank Limited	PACRA	A-1+	466,583	852,733
MCB Bank Limited	PACRA	A-1+	41,648	113,926
Bank Alfalah Limited	PACRA	A-1+	18,197,503	30,125
National Bank of Pakistan	PACRA	A-1+	18,321	219,242
Habib Bank Limited	ICR-VIS	A-1+	42,668	42,668
			<u>122,268,855</u>	<u>213,497,965</u>

Concentration of credit risk

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

	June 30, 2022			June 30, 2021		
	Total exposure-Gross	Concentration	% of total exposure	Total exposure-Gross	Concentration	% of total exposure
	Rupees					
Trade debts	2,947,294	847,172	28.74%	4,235,400	4,239,348	68.31%
Bank balances	122,268,855	121,691,635	99.52%	213,497,965	212,239,271	99.41%
		<u>122,538,807</u>			<u>216,498,619</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:

	2022					
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
Non-derivative financial liabilities						
Trade and other payables	126,925,239	(126,925,239)	(126,925,239)	-	-	-
Short term borrowing	95,989,737	(95,989,737)	(95,989,737)	-	-	-
Accrued markup	911,493	(911,493)	(911,493)	-	-	-
	<u>223,916,469</u>	<u>(223,916,469)</u>	<u>(223,916,469)</u>	-	-	-

	2021					
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rs.					
Non-derivative financial liabilities						
Trade and other payables	222,335,917	(222,335,917)	(222,335,917)	-	-	-
Short term borrowing	208,140,825	(208,140,825)	(208,140,825)	-	-	-
Accrued markup	182,502	(182,502)	(182,502)	-	-	-
	421,079,244	(421,079,244)	(421,079,244)	-	-	-

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 returns. 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:

(i) 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.

(ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by 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, 2022 and 2021 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, 2022	792,415,889	10% increase	871,657,478	79,241,589
		10% decrease	713,174,300	(79,241,589)
June 30, 2021	890,246,023	10% increase	979,270,625	89,024,602
		10% decrease	801,221,421	(89,024,602)

iii) 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:

	2022	2021	2022	2021
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Variable rate instruments				
Balance held in saving accounts	6%-7.5%	3.2%-5.75%	148,621	202,792
Financial liabilities				
Variable rate instruments				
Short term borrowing	3-Month KIBOR +1%	3-Month KIBOR +1%	95,509,737	200,160,623

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, 2022		
Cash flow sensitivity-Variable rate financial instruments	(953,491)	953,491
As at June 30, 2021		
Cash flow sensitivity-Variable rate financial instruments	(1,099,580)	1,099,580

	2022	2021
	Rupees	
24.2 Financial instruments by categories		
24.2.1 Financial assets		
<i>At fair value through profit or loss</i>		
Short term investments	<u>792,415,889</u>	<u>890,246,023</u>
<i>At amortized cost</i>		
Long term deposits	1,510,200	1,510,200
Trade debts	2,846,247	6,134,413
Deposits, loans and other receivables	7,196,181	4,045,858
Cash and bank balances	<u>122,282,499</u>	<u>213,507,321</u>
	<u>133,835,647</u>	<u>225,197,792</u>
24.2.2 Financial liabilities		
<i>At amortized cost</i>		
Trade and other payables	126,925,239	222,335,917
Short term borrowing	95,509,737	200,160,825
Accrued markup	<u>911,493</u>	<u>582,502</u>
	<u>223,346,469</u>	<u>423,079,244</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, 2022				
Short term investments	<u>792,415,889</u>	-	-	<u>792,415,889</u>
June 30, 2021				
Short term investments	<u>890,246,023</u>	-	-	<u>890,246,023</u>

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:

	2022	2021
	Rupees	
Borrowings:		
Short term borrowing	95,509,737	200,160,825
Shareholder's equity:		
Issued, subscribed and paid up capital	97,400,000	97,400,000
Unappropriated profit	630,315,790	621,064,405
General reserve	2,600,000	2,600,000
	736,315,790	721,064,405
	<u>825,825,527</u>	<u>921,225,230</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.

26.2 Capital Adequacy level

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

		2022	2021
	Note	Rupees	
Total assets	26.2.1	954,270,550	1,144,862,782
Less: Total liabilities		(223,954,760)	(423,798,377)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		<u>730,315,790</u>	<u>721,064,405</u>

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.

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

A. Assets				
1.1	Property & Equipment	7,068,707	7,068,707	-
1.2	Intangible Assets	1,500,000	1,500,000	-
1.3	Investment in Govt. Securities	-	-	-
Investment in Debt Securities				
<i>If listed then:</i>				
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.4	<i>If unlisted then:</i>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
Investment in Equity Securities				
	i. If listed 15% or Value of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	757,640,035	115,065,629	642,574,406
	ii. If unlisted, 100% of carrying value.	-	-	-
1.5	iii. 100% haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Frozen or Pledge status as on reporting date. Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities.	34,775,854	34,775,854	-
1.6	Investment in subsidiaries	-	-	-
Investment in associated companies/undertaking				
1.7	i. If listed 20% or Value of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/bank deposits with the exchanges, clearing house or central depositories or any other entity.	1,500,000	1,500,000	-
1.9	Margin deposits with exchange and clearing house.	1,697,250	-	1,697,250
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	2,134,389	2,134,389	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	-	-	-
1.13	Dividends receivable	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchase under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months PLUS ii. Advance tax to the extent it is settled with provision of taxation. iii. Receivables other than trade receivables	15,298,718	15,298,718	-
1.16	Receivables from clearing house or securities exchange(s) i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including NFM gains.	1,126,851	-	1,126,851

S. No.	Head of Account	Value in Pub Report	Disc Cor/ Adjustments	Net Adjusted Value
1. Assets				
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based haircut, (ii) cash deposited as collateral by the borrower (iii) market value of any securities deposited as collateral after applying VaR based haircut.	-	-	-
	ii. <i>Lower of net balance sheet value or value determined through adjustments.</i>			
	ii. In case receivables are against margin trading, 7% of the net balance sheet value.		-	-
	iii. <i>Net amount after deducting haircut</i>			
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	-	-	-
	iv. <i>Net amount after deducting haircut</i>			
	iv. In case of other trade receivables not more than 7 days overdue, 0% of the net balance sheet value.	1,080,340	-	1,080,340
	v. <i>Balance sheet value</i>			
	v. In case of other trade receivables are overdue, or 7 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	1,765,807	226,515	1,539,292
	vi. <i>Lower of net balance sheet value or value determined through adjustments</i>			
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-
	Cash and Bank balances			
1.18	i. Bank balance-proprietary accounts	491,559	-	491,559
	ii. Bank balance-customer accounts	121,568,296	-	121,568,296
	iii. Cash in hand	21,644	-	21,644
1.19	Subscription money against investment in IPO/ offer for sale (amount) 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.	-	-	-
1.20	Total Assets	954,276,596		772,796,714
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	121,568,297	-	121,568,297
	Current Liabilities			
	i. Statutory and regulatory dues	234,614	-	234,614
	ii. Accruals and other payables	6,167,431	-	6,167,431
2.2	iii. Short-term borrowings	95,526,717	-	95,526,717
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	371,877	-	371,877
	Non-Current Liabilities			
2.3	i. Long-Term financing	-	-	-
	a. 100% haircut may be allowed against Long-Term financing obtained from financial institution including amount due against finance leases	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-

	Head of Account	Value in Pub Report	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
2.4	Subordinated Loans 100% of subordinated loans which fulfill the conditions specified by NCCP are allowed to be deducted	-	-	-
2.5	Advance against shares for increase in capital of securities broker 100% haircut may be applied 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	223,954,568		223,954,568
3. Working Liabilities Relating to :				
3.1 Concentration in Margin Financing				
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financiers exceed 10% of the aggregate of amounts receivable from total financiers	-	-	-
3.2 Concentration in securities lending and borrowing				
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL, (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3 Net underwriting Commitments				
3.3	(a) In the case of right issues : if the market value of securities is less than or equal to the subscription price, the aggregate of: (i) the 10% of the net 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 the net underwriting (b) In any other case : (i) 5% of the net underwriting commitments	-	-	-
3.4 Negative equity of subsidiary				
3.4	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				
3.5	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 RUP				
3.6	Amount Payable under RUP	-	-	-
3.7 Margin adjustment				
3.7	In the case of borrower/purchaser the total amount receivable under Rups less the 110% of the market value of underlying securities In the case of borrower/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser	-	-	-
3.8 Concentrated proprietary positions				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
3.9 Opening Positions in futures and options				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircut ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-

	Head of Account	Value in Pak Rupees	Minor Cash/ Adjustments	Net Adjusted Value
3. Working Liabilities Relating to:				
Short sell positions				
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircut less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VaR based haircut	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VaR based haircut less the value of securities pledged as collateral after applying haircut	-	-	-
3.11	Total Working Liabilities	196,215,796	Liquid Capital	649,745,698

27. GENERAL

27.1 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. Following reclassifications have been made in these financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Pakistan Mercantile Exchange Limited (PMEX) <i>(Long term deposits)</i>	Pakistan Mercantile Exchange Limited (PMEX) <i>(Long term advances)</i>	<u>2,500,000</u>
Receivable from NCCPL against profit held on Deliverable Futures Contract <i>(Other receivables)</i>	Deposits placed with NCCPL in respect of Loss on DFCs <i>(Short term deposits)</i>	<u>1,965,286</u>

27.2 Number of employees

Number of persons employed by the Company as on the year end were 31 (2021: 31) and average number of employees during the year were 31 (2021: 28).

27.3 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 31 OCT 2022.

27.4 Level of rounding

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


Chief Executive


Director