

**AUDITED FINANCIAL STATEMENTS
OF
MUHAMMAD MUNIR MUHAMMAD AHMED
KHANANI SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2022**

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

INDEPENDENT AUDITORS' REPORT**To the members of Mohammad Munir Mohammad Ahmed Khanani Securities Limited****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

We have audited the annexed financial statements of **M/s. Mohammad Munir Mohammad Ahmed Khanani Securities 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 loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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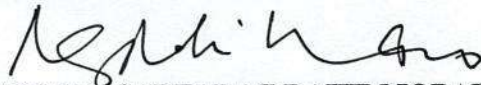
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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

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


v **RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**
Chartered Accountants

Karachi

Date: October 07, 2022

UDIN: AR202210210BUowIy8LH

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	4	63,444,919	41,564,761
Intangible assets	5	4,368,222	5,168,889
Long term deposits	6	2,723,000	2,438,000
Investment property	7	105,556,705	111,112,320
Deferred tax - net	8	9,373,356	-
		<u>185,466,203</u>	<u>160,283,970</u>
Current assets			
Short term investment - Fair value through profit or loss	9	1,156,937,501	2,207,960,091
Trade debts	10	2,046,183,194	3,255,296,225
Loans, advances and other receivables	11	28,346,402	95,449,521
Income tax refundable		70,427,699	74,150,095
Cash and bank balances	12	902,817,944	1,089,176,907
		<u>4,204,712,740</u>	<u>6,722,032,839</u>
			-
Total assets		<u><u>4,390,178,943</u></u>	<u><u>6,882,316,809</u></u>
EQUITIES AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
50,000,000 (2020: 50,000,000) ordinary shares of Rs.10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	13	395,140,540	395,140,540
Unappropriated profits - Revenue Reserve		<u>1,809,799,051</u>	<u>2,546,841,558</u>
		<u>2,204,939,591</u>	<u>2,941,982,098</u>
Non- Current liabilities			
Deferred tax - net		-	13,735,855
Current liabilities			
Short term borrowings - secured	14	1,198,846,806	2,054,918,187
Trade and other payables	15	975,368,499	1,857,079,878
Accrued markup on short term borrowings		<u>11,024,047</u>	<u>14,600,791</u>
		<u>2,185,239,352</u>	<u>3,926,598,856</u>
Contingency and commitments	16	-	-
Total equity and liabilities		<u><u>4,390,178,943</u></u>	<u><u>6,882,316,809</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022 ———— Rupees ————	2021
Operating revenue	17	342,387,341	519,714,710
Capital gain/(loss) on sale of investments - net	18	(148,710,893)	1,289,239,087
Net Change in unrealized loss on re-measurement of short term investments	9	(710,716,936)	221,080,045
		<u>(517,040,488)</u>	<u>2,030,033,842</u>
Administrative and operating expenses	19	(142,945,272)	(187,837,934)
Finance costs	20	(100,521,860)	(55,647,533)
Other income	21	26,600,427	15,521,122
(Loss) / profit before taxation		<u>(733,907,193)</u>	<u>1,802,069,497</u>
Taxation	22	(3,135,314)	(205,174,392)
(Loss) / profit after taxation		<u><u>(737,042,507)</u></u>	<u><u>1,596,895,105</u></u>
(Loss) / earnings per share - basic & diluted	23	<u><u>(18.65)</u></u>	<u><u>40.41</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Statement of Comprehensive Income

For the year ended June 30, 2022

	2022	2021
	— Rupees —	
(Loss) / profit after taxation	(737,042,507)	1,596,895,105
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(737,042,507)	1,596,895,105

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Statement of Changes in Equity

For the year ended June 30, 2022

	Issued, subscribed and paid up capital	Unappropriated profits	Total
	Rupees		
Balance as on June 30, 2020	395,140,540	949,946,453	1,345,086,993
Profit after taxation	-	1,596,895,105	1,596,895,105
Other comprehensive income	-	-	-
Balance as on June 30, 2021	395,140,540	2,546,841,558	2,941,982,098
Loss after taxation	-	(737,042,507)	(737,042,507)
Other comprehensive income	-	-	-
Balance as on June 30, 2022	395,140,540	1,809,799,051	2,204,939,591

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Statement of Cash Flows

For the year ended June 30, 2022

		2022	2021
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>		
(Loss) / profit before taxation		(733,907,193)	1,802,069,497
<i>Adjustment for non-cash and other items :</i>			
Depreciation on property and equipment	4	11,522,785	6,489,692
Amortization of intangible assets	5.1	800,667	1,143,809
Depreciation on investment property	7	5,555,616	5,848,017
Net change in unrealized gain on re-measurement of short term investments	9	710,716,936	(221,080,045)
Provision for expected credit losses on trade debts	10	-	14,014,088
Reversal of provision for expected credit losses on trade debts	10	(8,104,849)	-
Capital gain/(loss) on sale of investments		148,710,893	(1,289,239,087)
Finance costs	20	100,521,860	55,647,533
Rental income	21	(18,495,299)	(15,520,898)
		<u>951,228,609</u>	<u>(1,442,696,891)</u>
Operating profit before working capital changes		217,321,416	359,372,606
Change in working capital			
<i>(Increase)/decrease in current assets</i>			
Trade debts		1,217,217,880	(2,215,078,760)
Loans, advances and other receivables		67,103,119	(74,165,623)
		<u>1,284,320,999</u>	<u>(2,289,244,383)</u>
<i>Increase/(decrease) in current liabilities</i>			
Trade and other payables		(881,711,379)	1,134,495,575
Cash used in operations		<u>619,931,036</u>	<u>(795,376,202)</u>
Financial charges paid		(104,098,604)	(47,496,684)
Income tax paid		<u>(22,522,131)</u>	<u>(187,135,810)</u>
Net cash generated from / (used in) operating activities		<u>493,310,301</u>	<u>(1,030,008,696)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property and equipment	4	(33,402,943)	(21,305,489)
Addition to intangible assets	5.1	-	-
(Purchase) / sale of investments-net	9	191,594,761	291,286,860
Addition to investment properties	7	-	-
Rent received		18,495,299	15,520,898
Long term deposits		<u>(285,000)</u>	<u>(148,000)</u>
Net cash generated from investing activities		<u>176,402,117</u>	<u>285,354,269</u>
Net increase / (decrease) in cash and cash equivalents		<u>669,712,418</u>	<u>(744,654,427)</u>
Cash and cash equivalents at the beginning of the year		<u>(965,741,280)</u>	<u>(221,086,853)</u>
Cash and cash equivalents at the end of the year	24	<u><u>(296,028,862)</u></u>	<u><u>(965,741,280)</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Notes to the Financial Statements

For the year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

Mohammad Munir Mohammad Ahmed Khanani Securities Limited ('the Company') is a public unlisted limited Company incorporated under the repealed Companies Ordinance, 1984. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited. The registered office of the Company is located at Room No. 624-627, Stock Exchange Building, Pakistan Stock Exchange Road, Karachi. The principal activity of the Company is to carry on the business of stock, brokerage, underwriting and investment etc.

The geographical location of Company's offices are as follows:

-	Karachi Head office (Registered office)	Room # 623-627, 6th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
-	Karachi Branch Office	Room # 65, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
-	Karachi Branch Office	Room # 601-603, 6th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
-	Karachi Branch Office	MR 4/66, Achi Qabar, Bolton Market, Karachi.
-	Karachi Branch Office	Room No. 637, 6th Floor, Stock Exchange Building, Stock Exchange Road Karachi
-	Karachi Branch Office	House # A-928, Block H, North Nazimabad, Karachi.
-	Karachi Branch Office	House # A-477, Block 5, Gulshan-e-Iqbal, Karachi.
-	Karachi Branch Office	Office No. 3, 2nd Floor, Wali Centre, Gulshan-e-Iqbal, Karachi
-	Karachi Branch Office	Off # 1814, 18th Floor, Mohammadi Trade Tower, SR-6/5-6, situated at Serai Quarters, Karachi.
-	Karachi Branch Office	House # A-328, Block 3-A, Gulistan-e-Jauhar, Karachi.
-	Karachi Branch Office	Commercial Plot office No. 18-B, 4th Floor (4th Cabin), Midway Commercial 'B', Bahria Town, Karachi.
-	Karachi Branch Office	Office No.102, First Floor, Marine Faisal, Plot No. 10-A Block-6 PECHS, Main Shahrah-e-Faisal Karachi.
-	Karachi Branch Office	Mezzanine Floor, Plot No.3-C, Lane-8, Zamzama Commercial Area, Phase-V, Situated at Pakistan Defence Officers, Housing Authority Karachi.
-	Karachi Branch Office	M-59, Mezzanine Floor, Glass Tower, Plot # 2 F.T-3, Frere Town, Main Clifton Road, Karachi.
-	Peshawar Regional Office	Off # 303, 3rd Floor, Block A, City Towers, University Road, Peshawar.
-	Hyderabad Regional Office	Building # 345, Opp Yaqoob Centre near Jamia Masjid Saadar, Hyderabad.
-	Islamabad Regional Office	Room # 501 A, 5th Floor, ISE Tower, 55-8, Jinnah Avenue, Blue Area, Islamabad.
-	Lahore Regional Office	Room # 403-404, 4th Floor, LSE Plaza, 19 Khayaban-e-Aiwan-e-Iqbal, Lahore.

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- Lahore Branch Office Office # 416, 4th Floor, Siddique Trade Centre, Gulberg, Lahore.
- Lahore Branch Office 1st Floor, 112-Y, Commercial DHA, Cantt, Lahore.
- Sahiwal Branch Office Shop NO.104,104-A,Al Razzaq Royals, Old Harappa Road, Sahiwal.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprises 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 former 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 and units of mutual funds 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 unconsolidated financial statements in conformity with accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policy are as follows:

	<u>Note</u>
- Useful lives, depreciation methods and residual values of property and equipment;	3.1
- Useful lives, amortisation methods and residual values of intangible assets;	3.2
- Useful lives, depreciation methods and residual values of investment property;	3.3
- Provision for taxation.	22

2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year.

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:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The application of the amendment is not likely to have an impact on the Company's financial statements.
- 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.

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- 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 unconsolidated 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 management of the Company is currently in the process of assessing the impacts of above amendments to these unconsolidated 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.

- 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.

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- 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.

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 unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property and equipment

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

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

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

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2022 did not require any adjustment.

3.2 Intangible assets

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 5.1, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

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

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

Trading Rights Entitlement (TRE) Certificate

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

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 7 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 and receivables against margin financing

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

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

Current 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 realised or the deferred income tax liability is settled.

A deferred tax asset is recognised 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 realised.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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

Offsetting

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

3.7 Provisions and contingent liabilities

Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

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

3.8 Financial 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.

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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. However, the Company follows trade date accounting for its own (the house) investments. Trade date is the date on which the Company commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

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); and

(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 amortised 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.

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(b) *Financial assets at FVOCI*

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

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

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. 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 recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.8.3 *Impairment*

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

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

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

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

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

3.8.4 *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.

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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 or loss.

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

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

3.10 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.11 Revenue recognition

Revenue from trading activities - brokerage commission

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

Revenue from advisory and consultancy services

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

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

Dividend income

Dividends 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.

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.

3.12 Other Income

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Rental income from investment property

Rental income from investment property is recognized on accrual basis.



4. PROPERTY AND EQUIPMENT

	Office premises	Office equipment	Computers	Furniture and fixtures	Vehicles	Total
As at June 30, 2020						
Cost	7,500,000	2,914,263	18,009,301	327,659	29,145,015	57,896,238
Accumulated depreciation	(1,720,824)	(1,786,641)	(13,962,637)	(231,041)	(13,446,131)	(31,147,274)
Net book value	<u>5,779,176</u>	<u>1,127,622</u>	<u>4,046,664</u>	<u>96,618</u>	<u>15,698,884</u>	<u>26,748,964</u>
<i>Movement during the year ended June 30, 2021</i>						
Opening net book value	5,779,176	1,127,622	4,046,664	96,618	15,698,884	26,748,964
Additions during the year	5,610,000	812,947	11,889,314	208,328	2,784,900	21,305,489
Depreciation for the year	(368,882)	(148,824)	(2,577,054)	(21,948)	(3,372,984)	(6,489,692)
Closing net book value	<u>11,020,294</u>	<u>1,791,745</u>	<u>13,358,924</u>	<u>282,998</u>	<u>15,110,800</u>	<u>41,564,761</u>
As at June 30, 2021						
Cost	13,110,000	3,727,210	29,898,615	535,987	31,929,915	79,201,727
Accumulated depreciation	(2,089,706)	(1,935,465)	(16,539,691)	(252,989)	(16,819,115)	(37,636,966)
Net book value	<u>11,020,294</u>	<u>1,791,745</u>	<u>13,358,924</u>	<u>282,998</u>	<u>15,110,800</u>	<u>41,564,761</u>
<i>Movement during the year ended June 30, 2022</i>						
Opening net book value	11,020,294	1,791,745	13,358,924	282,998	15,110,800	41,564,761
Additions during the year	6,500,000	497,513	15,499,670	-	10,905,760	33,402,943
Depreciation for the year	(730,056)	(215,227)	(6,600,053)	(28,300)	(3,949,149)	(11,522,785)
Closing net book value	<u>16,790,238</u>	<u>2,074,031</u>	<u>22,258,541</u>	<u>254,698</u>	<u>22,067,411</u>	<u>63,444,919</u>
As at June, 2022						
Cost	19,610,000	4,224,723	45,398,285	535,987	42,835,675	112,604,670
Accumulated depreciation	(2,819,762)	(2,150,692)	(23,139,744)	(281,289)	(20,768,264)	(49,159,751)
Net book value	<u>16,790,238</u>	<u>2,074,031</u>	<u>22,258,541</u>	<u>254,698</u>	<u>22,067,411</u>	<u>63,444,919</u>
Annual rates of depreciation	<u>5%</u>	<u>10%</u>	<u>30%</u>	<u>10%</u>	<u>20%</u>	

5. INTANGIBLE ASSETS	Note	2022	2021
		Rupees	
Computer software	5.1	1,868,222	2,668,889
Trading Rights Entitlement (TRE) Certificate	5.2	2,500,000	2,500,000
		<u>4,368,222</u>	<u>5,168,889</u>
5.1 Computer Software			
Cost			
Opening balance		5,093,822	5,093,822
Additions during the year		-	-
Closing balance		5,093,822	5,093,822
Accumulated amortization			
Opening balance		(2,424,933)	(1,281,124)
Charge for the year		(800,667)	(1,143,809)
Closing balance		(3,225,600)	(2,424,933)
Net book value as at June 30		<u>1,868,222</u>	<u>2,668,889</u>
Amortisation rate		<u>30%</u>	<u>30%</u>

5.2 This represents Trading Right Entitlement Certificate (TREC) received in accordance with the requirement of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012.

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	2022	2021
	Rupees	
6. LONG TERM DEPOSITS		
<i>Deposit placed with</i>		
Central Depository Company- Basic deposit	100,000	100,000
National Clearing Company of Pakistan- Basic deposit	200,000	200,000
National Clearing Company of Pakistan- MFS	100,000	100,000
National Clearing Company of Pakistan- Future	1,200,000	1,200,000
Pakistan Mercantile Exchange Limited- Basic deposit	500,000	500,000
Others	623,000	338,000
	<u>2,723,000</u>	<u>2,438,000</u>

7. INVESTMENT PROPERTY

As at July 01

Cost	123,638,482	123,638,482
Accumulated depreciation	(12,526,161)	(6,678,145)
Opening Carrying Value	<u>111,112,321</u>	<u>116,960,337</u>

Additions for the year

Depreciation expense for the year	(5,555,616)	(5,848,017)
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Closing Carrying Value	<u>105,556,705</u>	<u>111,112,320</u>
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Annual rate of depreciation

	<u>5%</u>	<u>5%</u>
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7.1 This represents investment in following properties to earn rental income or capital appreciation;

- Showroom at "The Residence Tower " Khaliq-uz-Zaman Rd, Block 8 Clifton, Karachi
- Banglow No 556, measuring 1 Kanal, Airline Housing Scheme, Raiwind, Lahore.
- Commercial Plot No. 60 measuring 266.67 Square yards, Basement, Ground and First floor, Eman Square, Chaklala Scheme III, Rawalpindi.

7.2 The property located in Rawalpindi as detailed above, is in the name of Chief Executive Officer / director Mr.Muhammad Munir and shall be transferred in the name of Company in due course of time.

7.3 As at June 30, 2022, fair value of the investment properties amounts to Rs. 215 million

		2022	2021
		Rupees	
8. DEFERRED TAX - NET	<i>Note</i>		
<i>Deferred tax asset / (liability) in respect of:</i>			
- Capital (gain) / loss on short term investments	8.1	-	(25,459,617)
- Other temporary differences - 'Provision for doubtful debts and other receivables		9,373,356	11,723,762
		<u>9,373,356</u>	<u>(13,735,855)</u>

8.1 Deferred tax in respect of capital loss on short term investments

Deferred tax asset amounting to Rs. 88.5 million has not been recognized in respect of the realized and unrealized capital losses on short term investments because it is not probable that future capital gain on securities will be available against which the Company can use the benefits therefrom.

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		2022	2021
		Rupees	
9. SHORT TERM INVESTMENTS - FAIR VALUE THROUGH PROFIT OR LOSS	<i>Note</i>		
Investment in quoted securities			
Cost of investment in quoted securities		1,628,270,415	1,927,004,061
Cost of investment in mutual funds	9.1	69,653,245	111,225,253
		<u>1,697,923,660</u>	<u>2,038,229,314</u>
(Deficit) on revaluation			
Opening balance		169,730,777	(51,349,268)
Gain / (Loss) recognized during the year		(710,716,936)	221,080,045
		<u>(540,986,159)</u>	<u>169,730,777</u>
		<u>1,156,937,501</u>	<u>2,207,960,091</u>
9.1 Investment in mutual funds:			
NAFA Money Market Fund		69,653,245	111,225,253
		<u>69,653,245</u>	<u>111,225,253</u>

9.2 As of the reporting date, the total value of pledged securities was as follows;

		2022	2021
		Rupees	
Pledged with Financial Institutions	<i>Note</i>		
Clients		1,613,386,745	2,617,586,840
Brokerage House		1,023,135,460	2,029,990,244
		<u>2,636,522,205</u>	<u>4,647,577,084</u>
Pledged with PSX / NCCPL			
Clients		13,335,500	-
Brokerage House including MF		672,267,182	1,666,651,219
		<u>685,602,682</u>	<u>1,666,651,219</u>
10. TRADE DEBTS			
Considered good- secured		1,586,309,141	1,058,692,716
Considered doubtful- unsecured		32,321,918	40,426,767
Trade receivables - gross		1,618,631,059	1,099,119,483
Less: Provision for expected credit losses	10.1	(32,321,918)	(40,426,767)
		<u>1,586,309,141</u>	<u>1,058,692,716</u>
Receivable against Margin Financing - gross		459,874,053	2,196,603,509
Less: Impairment against margin financing receivable	10.2	-	-
		<u>459,874,053</u>	<u>2,196,603,509</u>
		<u>2,046,183,194</u>	<u>3,255,296,225</u>
10.1 Movement in provision for expected credit losses on trade debts			
Balance at the beginning of the year		40,426,767	26,412,679
Charged / (Reversed) during the year		(8,104,849)	14,014,088
Balance at the end of the year		<u>32,321,918</u>	<u>40,426,767</u>
10.2 Movement in provision for expected credit losses on margin financing receivable			
Balance at the beginning of the year		-	12,015,069
Charged / (Reversed) during the year		-	(12,015,069)
Balance at the end of the year		<u>-</u>	<u>-</u>

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- 10.3 The Company held equity securities having fair value of Rs. 1,727 million owned by its clients, as collaterals against trade debts - brokerage and operating and margin finance receivables. The aging analysis of the total receivable from clients (i.e. inclusive of trade debts - brokerage and operating, and receivable against margin financing) as at the reporting date has been disclosed in note 26.1.1.

- 10.3.1 Total customer assets held in central depository system including collaterals against trade payable amounts to Rs. 11,789 million

11.	LOANS, ADVANCES AND OTHER RECEIVABLES	Note	2022	2021
			Rupees	
	Loans			
	Loan to employees - unsecured	11.1	2,459,250	3,221,545
	Advances			
	Advance to PMEX against offices		10,000,000	10,000,000
	Advance against initial public offering		-	30,000,000
	Other receivables			
	Receivable from PSX against profit held on Deliverable Futures Contracts		9,431,886	25,039,515
	Receivable from NCCPL		114,463	-
	MTS concentration margin placed with NCCPL		6,340,803	27,188,461
			<u>28,346,402</u>	<u>95,449,521</u>

- 11.1 This represented a loan provided to employees as per the terms of their employment and repayable against adjustment from salary.

12. CASH AND BANK BALANCES	2022	2021
	Rupees	
Cash in hand	-	415,737
Cash at banks - current accounts	643,689,396	838,696,470
Cash at banks - saving accounts	259,128,548	250,064,700
	<u>902,817,944</u>	<u>1,089,176,907</u>

- 12.1 The return on these balances is 10.5% to 12.01% (2021: 6% to 8%) per annum on daily product basis.

- 12.2 Bank balances include customers' bank balances held in designated bank accounts amounting Rs. 900,091,265 (2021: Rs. 1,087,612,243).

13. ISSUED, SUBSCRIBED & PAID UP CAPITAL

2022 (Number of shares)	2021	2022	2021
		Rupees	
<u>39,513,654</u>	<u>39,513,654</u>	<u>395,136,540</u>	<u>395,136,540</u>

Ordinary shares of Rs.10/- each
fully paid in cash

13.1 Pattern of Shareholding

Categories of shareholders	2022		2021	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
Muhammad Munir Khanani	39,513,254	99.9990%	39,513,254	99.9990%
Manzoor Ahmed	100	0.0003%	100	0.0003%
Mohammad Arif	100	0.0003%	100	0.0003%
Muhammad Nadeem	100	0.0003%	100	0.0003%
Muhammad Rizwan	100	0.0003%	100	0.0003%
	<u>39,513,654</u>	<u>100.00%</u>	<u>39,513,654</u>	<u>100.00%</u>

- 13.2 There is no agreement with shareholders for voting rights, board selection, rights of first refusal and block voting.

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14.	SHORT TERM BORROWING	Note	2022	2021
			Rupees	
	<i>Conventional financing</i>			
	Askari Bank Limited		-	493,360,253
	JS Bank Limited	14.1	91,091,460	478,208,154
	Soneri Bank Limited	14.2	371,282,540	209,456,319
	Bank Al Habib	14.3	538,289,236	773,893,461
	Bank of Khyber	14.4	168,500,000	100,000,000
	Allied Bank Limited	14.5	29,683,570	-
			<u>1,198,846,806</u>	<u>2,054,918,187</u>

14.1 This represents the amount availed under a short term running finance facility amounting to Rs. 600 million (2021: 600 million) obtained from JS Bank Limited for working capital requirement (margin finances requirements). This carries markup at the rate of 1 month KIBOR + 2% per annum (2021: 1 month KIBOR + 2% per annum) and is secured by:

- > Pledge of shares with a flat margin of 30% on shares as per JS Bank approved list;
- > Personal guarantee of director holding more than 10%;
- > Equitable mortgage of residential bungalow at plot no. B-18,NHS, Karsaz, Dalmia. Road, Karachi.
- > Equitable mortgage of Commercial Plot D-18, Block-8, KDA Scheme No.5, Clifton, Karachi

The facility is due to expire on June 30, 2022.

14.2 This represents the amount availed under a short term running finance facility amounting to Rs. 600 million (2021: Rs. 600 million) obtained from Soneri Bank Limited for working capital requirement (margin finances requirements). This carries markup at the rate of 3 month kibar + 1.5% per annum (2021: 3 month kibar + 1.5% per annum) and is secured by:

- > Pledge of all approved shares with 30% margin as per approved list or 30%-60% margin for unapproved;
- > Pledge of all money market mutual funds of approved asset management companies with 10% margin;

The facility is due to expire on 30 November 2022.

14.3 This represents the amount availed under a short term running finance facility amounting to Rs. 1,000 million (2021: Rs. 1,000 million) obtained from Bank Al Habib Limited for working capital requirement (margin finances requirements). This carries markup at the rate of 3 months KIBOR + 2% per annum (2021: 3 months KIBOR + 2% per annum) and is secured by:

- > Pledge of shares of listed companies as per Bank's approved list with 30% margin;
- > Pledge of shares of un-approved listed companies with 30.5% margin and aggregate exposure limit of 500 million.
- > Personal guarantee of all directors.

The facility is due to expire on December 31, 2022.



- 14.4 This represents the amount availed under a short term running finance facility amounting to Rs. 250 million (2021: 250 million) obtained from The Bank of Khyber Limited for working capital requirement (margin finances requirements). This carries markup at the rate of 3 month KIBOR + (1.5%-3.8%) per annum (2021: 3 months KIBOR + 1.5%-3.8%) and is secured by:

> Pledge of shares / Third party shares as per Bank's approved list.

> Personal guarantee of all directors.

The facility is due to expire on May 31, 2023.

- 14.5 This represents the amount availed under running finance facility amounting to Rs. 500 million obtained from Allied Bank to finance investment in equity market. This carries markup at the rate of # months KIBOR + 1% per annum and is secured by:

> Pledge of shares / Third party shares as per Bank's approved list.

> Personal guarantee of CEO (Muhammad Munir Khanani).

The facility is due to expire on September 30, 2022

	2022	2021
	Rupees	
15. TRADE AND OTHER PAYABLES		
Trade payables	892,095,842	1,083,642,982
Accrued expenses	4,110,862	7,589,806
Sindh sales tax payable	2,164,956	20,165,023
Withholding income tax payable	2,300,110	11,352,426
Commission payable to agents	64,949,334	113,365,061
Future profit withheld	4,922,778	26,129,015
UIN net demand	-	485,828,999
Security deposit on Islamabad Property	266,667	266,667
CGT payable to NCCPL	-	108,739,899
Retained profit DFC	4,557,950	-
	<u>975,368,499</u>	<u>1,857,079,878</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1 The Additional Commissioner Inland Revenue amended the deemed assessment u/s 122 (5A) of income tax ordinance for the tax year 2017 vide order dated 26-Feb-2021 by making various additions and apportionment of expenses to the income and created a demand of Rs. 41,143,811/-. The company have filed an appeal before CIR(A). The hearing of the same is pending. The management of the company is confident that this case will be decided in its favor.

- 16.1.2 The company was selected for audit u/s 177 of the Income Tax Ordinance for the tax year 2018. The Assistant Commissioner of Inland Revenue passed order u/s 122(1) of Income Tax Ordinance for the tax year 2018 vide order dated 28-May-2021 by making various additions and apportionment of expenses to the income and created a demand of Rs. 2,668,396/-. The company have filed an appeal before CIR(A). The hearing of the same is pending. The management of the company is confident that this case will be decided in its favor.

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16.2	Commitment	Note	2022 ———— Rupees ————	2021
	Bank guarantee provided in favour of NCCPL in respect of exposure demand on deliverable future contract (DFC)		98,000,000	98,000,000
	Bank guarantee provided in respect of Base Minimum Capital (BMC) requirement		31,000,000	31,000,000
	Bank guarantee provided in favour of NCCPL in respect of exposure demand Margin Trading System (MTS)		98,000,000	98,000,000

17. OPERATING REVENUE

Brokerage income

Net commission earned	181,769,686	398,309,107
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Markup / interest on:

Profit on Future cash margin	543,135	1,200,018
Income under Margin Trading system	2,039,296	1,415,322
Income from Markup on Margin Financing	61,199,971	47,268,079
Income from Markup overdue on Margin financing	32,221,243	28,954,342

Dividend income	51,162,034	38,858,562
Commission on share application	13,451,976	3,709,280
	342,387,341	519,714,710

18. CAPITAL (LOSS) / GAIN ON SALE OF INVESTMENTS

(Loss) / gain on disposal of investments	18.1	(148,710,893)	1,289,239,087
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- 18.1 Above gain on sale of investments has been computed and recorded as per the IFRS-9 and accounting policies disclosed in notes 3.8 to the financial statements.

The computation of taxable capital gain / (loss) during the year is regulated by NCCPL in accordance with section 37A read with Rule 13N as laid down in Income Tax Rules, 2002 and accordingly NCCPL collect tax on capital gains after adjustment of carryforward capital loss (if any) as provided in Eighth Schedule to the Income Tax Ordinance, 2001. The reconciliation of Capital (loss) / gain as per accounting principles with that of NCCPL is reproduced hereunder;

	2022 ———— Rupees ————	2021
Capital (loss) / gain as per accounting principles	(148,710,893)	1,289,239,087
Allowance @ 0.25% as per rule 13N(8) of the Income Tax Rules	(18,543,649)	(72,087,668)
Adjustment of carryforward capital loss of previous tax periods	-	(521,721,815)
Taxable Capital gain as per NCCPL in accordance with Section 37A	(167,254,542)	695,429,604

The above loss is available for adjustment against future taxable capital gain for next 3 tax periods.

19. ADMINISTRATIVE AND OPERATING EXPENSES	Note	2022	2021
		Rupees	
Staff salaries and allowances		31,192,540	27,307,648
Directors' remuneration	19.1	1,788,996	6,080,676
CDC and clearing house charges		625,191	60,559,465
IKATS and gateway charges		1,944,794	868,017
Traveling and Conveyance		-	36,120
Telephone and fax bills		622,277	612,081
Insurance		1,475,293	1,329,401
Communication		8,128,237	5,890,910
Legal and professional charges		1,837,604	2,209,443
Printing and stationary		123,276	522,260
Electricity bills		3,235,202	2,143,153
Office service charges		2,678,160	4,585,623
General expense		216,933	893,042
Advertisement for Roshan Digital Account & others		3,075,499	-
Auditors' remuneration		900,000	756,000
Water charges		185,669	187,275
Postage and courier		102,749	61,570
Software charges		7,024,939	7,238,373
Fees and subscription		2,866,727	2,308,220
Rates and taxes		2,290,749	2,654,627
Repair and Maintenance		188,987	-
Donation	19.3	54,562,382	34,098,424
Expected credit loss	10.1	-	14,014,088
Amortization of software	5.1	800,667	1,143,809
Depreciation on investment property	7	5,555,616	5,848,017
Depreciation on property and equipment	4	11,522,785	6,489,692
		<u>142,945,272</u>	<u>187,837,934</u>

19.1 Chief Executive, Director and Executives Remuneration

	Chief Executive		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees							
Basic salary	-	2,861,120.00	1,192,664	1,192,668	-	-	1,192,664	4,053,788
House allowance	-	1,144,448.00	477,066	477,060	-	-	477,066	1,621,508
Utility allowance	-	286,112.00	119,266	119,268	-	-	119,266	405,380
	-	-	1,788,996	1,788,996	-	-	1,788,996	6,080,676
Number of persons	1	1	1	1	2	2	4	4

19.2 None of the directors or their spouses have any interest in donees.

19.3 Company has made donations to the following parties during the period;

- Dar Us Shifa Foundation
- Shaukat Khanum Memorial Trust
- Bait-Ul-Sukoon
- The Indus Hospital
- Professional Educational Foundation
- Imkaan Welfare Organization
- Bantva Town Memon Welfare Committee
- Child life Foundation
- Khaadim-e-Insaniyat Welfare International Trust
- Ahsas-E-Insaniyat

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- 19.4 The details of income tax that was required to be deducted by the Company as a withholding agent u/s 153, u/s 149 and other applicable provisions of Income tax ordinance, 2001 is as follows;

Particulars	Expense / Payments made during the year	Exempt / below limit	Payments subject to tax deduction	Rate	WHT deducted
- STAFF SALARIES & ALLOWANCES					
<i>Fahad</i>	720,000	-	720,000	As per slab	6,000
<i>Touseef</i>	1,080,000	-	1,080,000	As per slab	24,000
<i>Abdul Razzak</i>	2,400,000	-	2,400,000	As per slab	180,000
<i>Adnan</i>	1,920,000	-	1,920,000	As per slab	108,000
<i>Iqra</i>	1,200,000	-	1,200,000	As per slab	30,000
<i>Junaid</i>	1,200,000	-	1,200,000	As per slab	30,000
<i>Sayyar</i>	1,320,000	-	1,320,000	As per slab	42,000
<i>Danish</i>	1,200,000	-	1,200,000	As per slab	30,000
<i>Jawed Younus</i>	1,872,000	-	1,872,000	As per slab	100,800
<i>Kamran</i>	1,200,000	-	1,200,000	As per slab	30,000
<i>M.Faisal Malik</i>	1,680,000	-	1,680,000	As per slab	78,000
<i>Yasir</i>	1,320,000	-	1,320,000	As per slab	42,000
<i>Farhana Saba</i>	1,200,000	-	1,200,000	As per slab	30,000
<i>Zaid Farooq Lodhia</i>	1,800,000	-	1,800,000	As per slab	90,000
<i>Abdul Qadir</i>	720,000	-	720,000	As per slab	6,000
<i>Aftab</i>	936,000	-	936,000	As per slab	16,800
<i>Ahmed Khanani</i>	1,039,800	-	1,039,800	As per slab	21,996
<i>Uzair Younus</i>	1,080,000	-	1,080,000	As per slab	24,000
<i>Muhammad Bilal</i>	1,080,000	-	1,080,000	As per slab	24,000
<i>Waqar Ashraf</i>	960,000	-	960,000	As per slab	18,000
<i>Faizan Ali Shaikh</i>	1,080,000	-	1,080,000	As per slab	24,000
<i>Anwer Khan</i>	1,080,000	-	1,080,000	As per slab	24,000
<i>Dilip</i>	960,000	-	960,000	As per slab	18,000
<i>Salim Amir Mia</i>	420,000	-	420,000	As per slab	6,000
<i>Khurram Fojdar</i>	960,000	-	960,000	As per slab	18,000
<i>Saqlain</i>	540,000	-	540,000	As per slab	756
EOBI	259,740	259,740	-	N/A	-
DIRECTORS' REMUNERATION (MUHAMMAD ARIF)	1,788,996	-	1,788,996	As per slab	88,896
- PSX CHARGES PAID	14,590,616	10,398,329	4,192,288	8%	335,383
<i>NCCPL Charges recovered from Clients</i>	(14,305,658)				
<i>Expense for the year</i>	284,958				
- NCCPL CHARGES PAID	20,240,907	2,189,307	18,051,600	8%	1,444,128
<i>NCCPL Charges recovered from Clients</i>	(20,219,407)				
<i>Expense for the year</i>	21,500				
- CDC CHARGES PAID	11,286,211	-	12,995,300	8%	1,039,624
<i>CDC Charges recovered from Clients</i>	(10,967,478)				
<i>Expense for the year</i>	318,733				
- KATS ANNUAL FEE	1,944,794	-	1,944,794	3%	58,344
- TELEPHONE & FAX BILLS - PTCL	622,277	622,277	-	N/A	-
- INSURANCE	1,475,293	1,475,293	-	N/A	-

Particulars	Expense / Payments made during the year	Exempt / below limit	Payments subject to tax deduction	Rate	WHT deducted
- COMMUNICATION					
E-OCEAN PVT LIMITED (SMS SOLUTION)	1,488,406	-	1,488,406	3%	44,652
SMS Charges recovered from clients	(1,278,185)				
Expense for the year	210,221				
PTCL INTERNET	4,798,372	2,862,297	1,936,075	10-15%	341,882
CYBERNET	2,939,938	-	2,939,938	3%	88,200
SEPIA SOLUTIONS	646,976	-	646,976	3%	19,409
- LEGAL AND PROFESSIONAL CHARGES					
Najmi	330,000	-	330,000	10%	33,000
Minto & Mirza	600,000	-	600,000	10%	60,000
Vis Credit Rating Company Ltd	727,949	-	727,949	8%	58,236
Kabani Associates	322,625	256,045	66,580	10%	6,658
; Less; recovered from clients	(302,830)				
	19,795				
Sadrudin Associates	24,860	-	24,860	8%	1,989
Frants & Co.	135,000	-	135,000	10%	13,500
- PRINTING & STATIONARY PAID					
Quadri Printers	66,976	-	66,976	4.5%	3,014
;Less Recovered from lients	(16,500)				
	50,476				
Prince Book Depot	66,000	-	66,000	4.5%	2,970
Apple Tree graphics	40,800	-	40,800	4.5%	1,836
;Less Recovered from lients	(34,000)				
	6,800				
- ELECTRICITY BILLS - PSX	3,235,202	214,293	3,020,909	3%	11,957
- OFFICE SERVICE CHARGES					
Pakistan Stock Exchange room service / rent charges	2,146,300	-	2,146,300	3%	64,389
LSE Financial Services Limited	224,001	-	224,001	1.5%	3,426
Various building maintenance / other charges	3,366,492	-	3,366,492	Various	238,872
- GENERAL EXPENSE					
Parking Charges Paid To Psx	677,833	-	677,833	3%	20,335
Parking Charges recovered from staff	(471,000)				
Expense for the year	206,833				
Miscellaneous expenses	10,100	10,100	-	N/A	-
- ADVERTISEMENT EXPENSE	3,075,499	2,023,798	1,051,701	3%-10%	21,773
- AUDIT FEE- RSRIR CA'S	756,000	29,485	726,515	10%	72,652
- WATER CHARGES- PAKISTAN BEVERAGES					
Pakistan Beverage Ltd (Aquafina)	105,000	-	105,000	4%	4,200
Nordica Health Products (Pvt) Ltd	60,500	-	60,500	4%	2,420
Siz Pure Drinking Water	20,169	-	20,169	4.5%	908

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Particulars	Expense / Payments made during the year	Exempt / below limit	Payments subject to tax deduction	Rate	WHT deducted
- <i>POSTAGE AND COURIER</i>					
Tcs (Pvt) Ltd.	155,021	-	155,021	3%	4,651
M&P Express Logistics (Pvt) Ltd	197,252	-	197,252	3%	5,918
Less: Recovered from clients	(254,375)				
Expense for the year	97,898				
- <i>SOFTWARE CHARGES</i>					
Microlinks (Pvt) Limited	4,446,063	-	4,446,063	3%	133,382
Catalyst It Solutions (Pvt) Ltd.	2,578,876	-	2,578,876	3%	77,366
- <i>FEES AND SUBSCRIPTION</i>					
CS Solutions Pvt Limited	2,477,062	-	2,477,062	3%	74,312
Secp (Form A, 29)	4,640	4,640	-	N/A	-
Secp Broker Renewal	25,000	25,000	-	N/A	-
Branch Renewal fee / Room NOC -PSX	155,025	155,025	-	N/A	-
PSX Stock Brokers Association	50,000	50,000	-	N/A	-
MovenPick	155,000	155,000	-	N/A	-
- <i>RENT, RATES AND TAXES</i>					
Professional Tax - NBP	205,500	205,500	-	N/A	-
Chaklala Cantonment Board	401,375	401,375	-	N/A	-
Property Tax - Cantonment board clifton	1,683,874	1,683,874	-	N/A	-
- <i>REPAIR & MAINTENANCE</i>					
Mushko Printing solutions	20,435	-	20,435	4%	817
Orient energy systems	25,837	-	25,837	8%	2,067
- <i>DONATION</i>	54,562,382	54,562,382	-	N/A	-
- <i>OFFICE EQUIPMENT - OPERATIG FIXED ASSETS</i>	15,779,552	-	15,779,552	4.5%	710,080

	2022	2021
20. FINANCE COSTS	Rupees	
Markup on short term borrowings	97,907,430	51,914,413
Bank charges	2,614,430	3,733,120
	<u>100,521,860</u>	<u>55,647,533</u>
21. OTHER INCOME		
Profit on saving account	279	224
Rental income	18,495,299	15,520,898
Reversal of provision for doubtful debts - net	8,104,849	-
	<u>26,600,427</u>	<u>15,521,122</u>
22. TAXATION		
Current	26,244,526	189,227,407
Prior year	-	2,211,130
Deferred tax - net	(23,109,211)	13,735,855
	<u>3,135,314</u>	<u>205,174,392</u>

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- 22.1 The provision for current year tax represents tax on taxable income at the rate of 29% (2021: 29%) per annum or minimum tax per annum, whichever is higher. The rate of tax imposed on the taxable income of a Company for the tax year 2022 and onwards is 29%. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these audited financial statements is sufficient.

	2022	2021
	Rupees	
22.2 Reconciliation of tax expense with accounting profit / (loss)		
Accounting Profit / (loss) before tax	<u>(733,907,193)</u>	<u>1,802,069,497</u>
Tax on above @ 29%	(212,833,086)	522,600,154
Tax effect of exempt / notional income and income taxed at lower rate	222,701,726	(332,404,782)
Tax effect of income taxed under presumptive tax / difference of minimum tax	(6,645,397)	(5,417,221)
Effect of disallowances / tax adjustments	8,322,252	24,420,111
Effect of tax credits / rebates	(8,410,181)	(6,235,000)
Effect of prior year adjustment	-	2,211,130
	<u>3,135,314</u>	<u>205,174,392</u>

23. EARNING PER SHARE

Basic earning per share

(Loss) / profit after taxation	<u>(737,042,507)</u>	<u>1,596,895,105</u>
Weighted average number of shares outstanding during the year	<u>39,513,654</u>	<u>39,513,654</u>
(Loss) / earnings per share - basic & diluted	<u>(18.65)</u>	<u>40.41</u>

Diluted Earning per share

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares as at June 30, 2022 and June 30, 2021.

	2022	2021
	Rupees	
24. CASH AND CASH EQUIVALENTS		
Cash and bank balances	902,817,944	1,089,176,907
Short term borrowings	<u>(1,198,846,806)</u>	<u>(2,054,918,187)</u>
	<u>(296,028,862)</u>	<u>(965,741,280)</u>

25. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company, directors and their close family members. Remuneration of the Chief Executive and Directors is disclosed in note 19.1 to the financial statements. Transactions entered into with related parties and balances held with them, other than those disclosed elsewhere in these financial statements, are as follows:

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	2022	2021
	Rupees	
Name of the related party, relationship with company and Nature of Transaction		

KEY MANAGEMENT PERSONNEL

Muhammad Munir (CEO / Director)

Transaction during the year

Commision earned on sale and purchase of securities	5,223,722	21,524,677
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Balances at the year end

Trade Payable at year end	2,647,983	27,065,655
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Manzoor Ahmed (Director)

Transaction during the year

Commision earned on sale and purchase of securities	2,009,392	4,379,538
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Balances at the year end

Trade Payable at year end	-	572,563
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Mohammad Arif (Director)

Balances at the year end

Trade Payable at year end	14,715	15,393
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CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL

Abdul Hadi

Transaction during the year

Commision earned on sale and purchase of securities	2,659,721	3,203,645
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Balances at the year end

Trade Payable at year end	638,581	711,390
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Rozmeen Arif

Balances at the year end

Trade Payable at year end	14,715	15,398
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26. FINANCIAL INSTRUMENTS

26.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. 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.

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26.1.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted / discharge on obligation / commitment that it has entered into with the Company. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2022	2021
	Rupees	
Long term deposits	2,723,000	2,438,000
Investments	1,156,937,501	2,207,960,091
Trade debts	2,046,183,194	3,255,296,225
Loans, advances and other receivables	28,346,402	95,449,521
Bank balances	902,817,944	1,088,761,170
	<u>4,137,008,041</u>	<u>6,649,905,007</u>

Impairment losses:

As of the reporting date, the risk profile of the trade receivables as of the reporting date is as follows:

	2022		2021	
	Gross Carrying amount	Life time expected credit losses	Gross Carrying amount	Life time expected credit losses
	Rupees			
Past due 1-30 days	900,804,795	2,316,028	909,076,853	1,361,011
Past due 31-180 days	361,257,581	4,640,797	71,171,160	420,704
Past due 181-365 days	318,384,893	20,464,707	5,283,528	2,181,073
More than 365 days	38,119,512	4,900,387	113,587,942	36,463,979
	<u>1,618,566,782</u>	<u>32,321,918</u>	<u>1,099,119,483</u>	<u>40,426,767</u>

As of the reporting date, the risk profile of the margin trading receivables as of the reporting date is as follows:

	2022		2021	
	Gross Carrying amount	Life time expected credit losses	Gross Carrying amount	Life time expected credit losses
	Rupees			
Past due 1-30 days	456,318,798	-	1,752,429,212	-
Past due 31-180 days	-	-	322,420,867	-
Past due 181-365 days	-	-	86,117,321	-
More than 365 days	-	-	35,636,109	-
	<u>456,318,798</u>	<u>-</u>	<u>2,196,603,509</u>	<u>-</u>

At each reporting date, Company assessed its trade debts for impairment, however, based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment other than above. None of the other financial assets are either past due or impaired.

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The Company held collaterals in respect of trade debts. The Company have trade receivable for which no loss allowance is recognised because of collaterals held.

- c) The credit quality of Company's bank balances as at the balance sheet date can be assessed with reference to external credit ratings as follows:

	Short term rating	Credit rating agency	2022	2021
			Rupees	
Banks / other institutions				
Allied Bank	A-1+	PACRA	828,244	2,292,346
Askari Bank	A-1+	PACRA	2,875,330	1,958,224
Bank Al Habib	A-1+	PACRA	348,756,647	632,908,536
Bank Alfalah	A-1+	PACRA	10,038,615	7,275,921
Bank Islami	A-1	PACRA	106,459	2,290,187
Bank Of Khyber	A-1	PACRA	71,734,165	51,159,833
Dubai Islamic Bank	A-1+	JCR-VIS	1,233,301	28,553,935
Faysal Bank	A-1+	PACRA	21,195,073	12,719,885
Habib Bank	A-1+	JCR-VIS	1,830,996	1,638,166
Habib Metro	A-1+	PACRA	17,562,609	14,941,701
JS Bank	A-1+	PACRA	90,035,680	61,486,091
MCB Bank	A-1+	PACRA	12,113,971	14,240,086
Meezan Bank	A-1+	JCR-VIS	19,839,734	25,017,834
National Bank	A-1+	PACRA	841,900	2,562,595
Sindh Bank	A-1+	PACRA	10,857,037	15,194,624
Soneri Bank	A-1+	PACRA	291,347,369	197,521,062
Summit Bank	-	-	616,059	11,123,204
United Bank	A-1+	JCR-VIS	1,004,756	7,025,868
			902,817,945	1,089,910,098

26.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has facilities of running finance to meet any deficit, if required to meet the short term liquidity commitment.

	2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Short term borrowings	1,198,846,806	1,198,846,806	1,198,846,806	-
Trade and other payables	975,368,499	975,368,499	975,368,499	-
Accrued markup	11,024,047	11,024,047	11,024,047	-
	2,185,239,352	2,185,239,352	2,185,239,352	-
	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Short term borrowings	2,054,918,187	2,054,918,187	2,054,918,187	-
Trade and other payables	1,857,079,878	1,857,079,878	1,857,079,878	-
Accrued markup	14,600,791	14,600,791	14,600,791	-
	3,926,598,856	3,926,598,856	3,926,598,856	-

26.1.3 Market risk

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Company was not exposed to any foreign currency risk as all its transactions were carried out in Pak Rupees.

(b) 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. Majority of the interest rate exposure arises from short term borrowings from banks and deposits held with banks in PLS accounts.

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				
Bank deposits - PLS account	9.5% - 10.5%	7% - 8%	<u>259,128,548</u>	<u>250,064,700</u>
Financial liabilities				
Short term borrowings	1-3 Months KIBOR + 1.5%-2.5%	1-3 Months KIBOR + 1.5%-2.5%	<u>1,198,846,806</u>	<u>2,054,918,187</u>

Sensitivity analysis

Fair value sensitivity

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 will not affect fair value of financial instrument.

Cash flow sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect on profit or loss	
	100 bps increase	100 bps decrease
	----- Rupees -----	
As at June 30, 2022	<u>11,988,468</u>	<u>(11,988,468)</u>
As at June 30, 2021	<u>20,549,182</u>	<u>(20,549,182)</u>

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest / markup 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 instrument traded in the market. The Company exposed to equity price risk since it has investments in quoted equity securities as at the reporting date. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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Sensitivity analysis

The table below summarises the Company's equity price risk as at June 30, 2022 and shows the effect of a hypothetical 5% increase or decrease in market prices as at the reporting date. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenario. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair value	Hypothetical price change	Hypothetical increase / (decrease) in other comprehensive income
June 30, 2022	1,087,284,256	5% change	54,364,213
June 30, 2021	2,096,734,838	5% change	104,836,742

26.2 Financial instruments by category

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	2022		
	Financial assets at amortised cost	At fair value through profit or loss	Financial liabilities at amortised cost
June 30, 2022			
<i>Financial assets</i>			
Long term deposits	2,723,000	-	-
Short term investment - Fair value through profit or loss	-	1,156,937,501	-
Trade debts	2,046,183,194	-	-
Loans, advances & other receivables	28,346,402	-	-
Cash and bank balances	902,817,944	-	-
	<u>2,980,070,540</u>	<u>1,156,937,501</u>	<u>-</u>
<i>Financial liabilities</i>			
Short term borrowings - secured	-	-	1,198,846,806
Trade and other payables	-	-	975,368,499
Accrued markup on short term borrowings	-	-	11,024,047
	<u>-</u>	<u>-</u>	<u>2,185,239,352</u>
	2021		
	Financial assets at amortised cost	At fair value through profit or loss	Financial liabilities at amortised cost
June 30, 2021			
<i>Financial assets</i>			
Long term deposits	2,438,000	-	-
Short term investment - Fair value through profit or loss	-	2,207,960,091	-
Trade debts	3,255,296,225	-	-
Loans, advances & other receivables	95,449,521	-	-
Cash and bank balances	1,089,176,907	-	-
	<u>4,442,360,653</u>	<u>2,207,960,091</u>	<u>-</u>
<i>Financial liabilities</i>			
Short term borrowings - secured	-	-	2,054,918,187
Trade and other payables	-	-	1,857,079,878
Accrued markup on short term borrowings	-	-	14,600,791
	<u>-</u>	<u>-</u>	<u>3,926,598,856</u>

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26.3 Fair value hierarchy

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Following is the fair value hierarchy of financial assets carried at fair value in the balance sheet:

	Level 1	Level 2	Level 3	Total
June 30, 2022	Rupees			
Short term investments	1,087,284,256	69,653,245	-	1,156,937,501
	<u>1,087,284,256</u>	<u>69,653,245</u>	<u>-</u>	<u>1,156,937,501</u>
June 30, 2021	Rupees			
Short term investments	2,096,734,838	111,225,253	-	2,207,960,091
	<u>2,096,734,838</u>	<u>111,225,253</u>	<u>-</u>	<u>2,207,960,091</u>

27. CAPITAL

27.1 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.

		2022	2021
27.2 Capital Adequacy level	<i>Note</i>	Rupees	
The Capital Adequacy Level of the Company as of the reporting date was as follows:			
Total assets	27.2.1	4,390,178,943	6,882,316,809
Less: Total liabilities		(2,185,239,352)	(3,926,598,856)
Less: revaluation reserves (created upon revaluation of fixed assets)		-	-
		<u>2,204,939,591</u>	<u>2,955,717,953</u>

27.2.1 Capital Adequacy Level as at June 30

While determining the value of the total assets, notional value of the TRE Certificate as determined by Pakistan Stock Exchange Limited has been considered.



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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	169,001,624	100.00%	-
1.2	Intangible Assets	4,368,222	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		5.00%	
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		7.50%	
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		10.00%	
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		10.00%	
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		12.50%	
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		15.00%	
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	1,079,476,984	181,982,344	897,494,640
	ii. If unlisted, 100% of carrying value.	69,727,517	100.00%	-
1.5	iii. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. 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.	7,733,000	100%	-
1.6	Investment in subsidiaries		100.00%	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			-
	ii. If unlisted, 100% of net value.		100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	2,100,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	9,431,886	-	9,431,886
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	-
1.11	Other deposits and prepayments and deferred assets	19,996,356	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.		-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		100.00%	-
1.13	Dividends receivables.		-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)			-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	2,459,250	100.00%	-
	ii. Advance tax to the extent it is netted with provision of taxation.	70,427,699	100.00%	-
	iii. Receivables other than trade receivables	114,463	100.00%	-
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 MtM gains.		-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	459,874,053	3,929,800	455,944,253
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	6,340,803	5.00%	6,023,763
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	306,041,187	-	306,041,187
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	1,280,267,954	162,001,919	1,118,266,035
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>		100.00%	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
	Cash and Bank balances			-
1.18	i. Bank Balance-proprietary accounts	2,726,680	-	2,726,680
	ii. Bank balance-customer accounts	900,091,264	-	900,091,264
	iii. Cash in hand		-	-
1.19	Subscription money against investment in IPO / offer for sale (asset) 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	4,390,178,943		3,696,019,708
2. Liabilities				
	Trade Payables			-
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products		-	-
	iii. Payable to customers	892,095,842	-	892,095,842
	Current Liabilities			-
2.2	i. Statutory and regulatory dues	4,465,066	-	4,465,066
	ii. Accruals and other payables	24,882,304	-	24,882,304
	iii. Short-term borrowings	1,198,846,806	-	1,198,846,806
	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	64,949,334	-	64,949,334
	Non-Current Liabilities			-
	i. Long-Term financing			-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			-
	ii. Staff retirement benefits			-
	iii. Other liabilities as per accounting principles and included in the financial statements.			-
2.3	Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital. iv. Other liabilities as per accounting principles and included in the financial statements			-
2.4	Subordinated Loans 100% of Subordinated loans which fulfill the conditions specified by SECP 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	2,185,239,352		2,185,239,352
3. Ranking Liabilities Relating to :				
3.1	Concentration in Margin Financing The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.		208,285,278	208,285,278
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	Net underwriting Commitments (a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments			

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
	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			
	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 REPO			
	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.			
3.7	In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
	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		14,638,956	14,638,956
	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts		32,730,760	32,730,760
3.9	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
	Short sell positions			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
3.10	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	Total Ranking Liabilities	-	255,654,994	255,654,994
		<u>2,204,939,591</u>	<u>Liquid Capital</u>	<u>1,255,125,362</u>

		2022	2021
28. NUMBER OF EMPLOYEES		Number	Number
Total number of employees as at June 30, 2022		<u>25</u>	<u>31</u>
Average number of employees during the year		<u>28</u>	<u>32</u>
29. GENERAL			
29.1	The financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on <u>07 OCT 2022</u>		
29.2	Figures in these financial statements have been rounded off to the nearest rupee.		


CHIEF EXECUTIVE


DIRECTOR