

**AUDITED FINANCIAL STATEMENTS
OF
MOHAMMAD MUNIR MOHAMMAD
AHMED KHANANI SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2023**

**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, 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at **June 30, 2023** and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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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Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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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 loss, 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 section 62 of the Futures Market Act, 2016, and the relevant requirements of the Securities Brokers (Licencing and Operations) Regulations, 2016 and Futures Brokers (Licencing and Operations) Regulations, 2018 as at the date on which the statement of financial position was prepared.

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


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: **September 21, 2023**

UDIN: **AR2023102101ckL4TPoH**

Mohammad Munir Mohammad Ahmed Khanani Securities Limited


Statement of Financial Position

As at June 30, 2023

	Note	2023 Rupees	2022
ASSETS			
Non-current assets			
Property and equipment	4	68,767,057	63,444,919
Intangible assets	5	3,807,755	4,368,222
Long term deposits	6	2,663,000	2,723,000
Investment property	7	100,278,870	105,556,705
Deferred tax - net	8	29,867,117	9,373,356
		<u>205,383,799</u>	<u>185,466,202</u>
Current assets			
Short term investment in securities	9	900,735,358	1,156,937,501
Trade debts	10	1,570,184,188	2,046,118,932
Loans, advances and other receivables	11	37,427,934	28,410,665
Income tax refundable		73,849,398	70,427,699
Bank balances	12	872,648,289	902,817,944
		<u>3,454,845,167</u>	<u>4,204,712,741</u>
Total assets		<u>3,660,228,966</u>	<u>4,390,178,943</u>
EQUITIES AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
50,000,000 (2022: 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
<i>Revenue reserve</i>			
Unappropriated profits		<u>1,949,286,425</u>	<u>1,809,799,051</u>
		<u>2,344,426,965</u>	<u>2,204,939,591</u>
Non- current liabilities			
Long term deposits	14	633,333	266,667
Current liabilities			
Short term borrowings - secured	15	587,393,492	1,198,846,806
Trade and other payables	16	714,500,267	975,101,832
Accrued markup on short term borrowings		13,274,909	11,024,047
		<u>1,315,168,668</u>	<u>2,184,972,685</u>
Contingency and commitments	17	-	-
Total equity and liabilities		<u>3,660,228,966</u>	<u>4,390,178,943</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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Chief Executive



Director

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023 Rupees	2022
Operating revenue	18	223,184,637	342,387,341
Capital loss on sale of short term investments - net	19	(145,806,178)	(148,710,893)
Net change in unrealized gain / loss on re-measurement of short term investments - net	9	281,264,972	(710,716,936)
		<u>358,643,431</u>	<u>(517,040,488)</u>
Administrative and operating expenses	20	(197,018,130)	(142,945,272)
Finance costs	21	(54,586,523)	(100,521,860)
Other income	22	24,875,625	26,600,427
Profit / (loss) before taxation		<u>131,914,403</u>	<u>(733,907,193)</u>
Taxation - net	23	7,572,971	(3,135,314)
Profit / (loss) after taxation		<u>139,487,375</u>	<u>(737,042,507)</u>
Earning / (loss) per share - basic and diluted	24	<u>3.53</u>	<u>(18.65)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


Chief Executive


Director

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

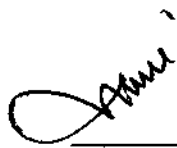
Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	———— Rupees ————	———— Rupees ————
Profit / (loss) after taxation	139,487,374	(737,042,507)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>139,487,374</u>	<u>(737,042,507)</u>

The annexed notes from 1 to 30 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, 2023

	Issued, subscribed and paid up capital	Revenue reserve Unappropriated profits	Total
	Rupees		
Balance as on June 30, 2021	395,140,540	2,546,841,558	2,941,982,098
Total comprehensive income for the year ended June 30, 2022			
Loss after taxation	-	(737,042,507)	(737,042,507)
Other comprehensive income	-	-	-
	-	(737,042,507)	(737,042,507)
Balance as on June 30, 2022	395,140,540	1,809,799,051	2,204,939,591
Total comprehensive income for the year ended June 30, 2023			
Profit after taxation	-	139,487,374	139,487,374
Other comprehensive income	-	-	-
	-	139,487,374	139,487,374
Balance as on June 30, 2023	395,140,540	1,949,286,425	2,344,426,965

The annexed notes from 1 to 30 form an integral part of these financial statements.



Chief Executive



Director

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Statement of Cash Flows

For the year ended June 30, 2023

		2023	2022
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Profit / (loss) before taxation		131,914,403	(733,907,193)
Adjustment for non-cash and other items :			
Depreciation on property and equipment	4	13,697,500	11,522,785
Amortization of intangible assets	5.1	560,467	800,667
Depreciation on investment property	7	5,277,835	5,555,616
Net change in unrealized gain / (loss) on re-measurement of short term investments - net	9	(281,264,972)	710,716,936
Provision for expected credit losses on trade debts	10	(70,668,140)	-
Reversal of provision for expected credit losses on trade debts	10	70,668,140	(8,104,849)
Capital loss on sale of short term investments - net	19	145,806,178	148,710,893
Finance costs	21	54,586,523	100,521,860
Rental income	22	(19,889,493)	(18,495,299)
		(81,225,962)	951,228,609
Operating profit before working capital changes		50,688,441	217,321,416
Change in working capital			
(Increase)/decrease in current assets			
Short term investments - net		391,660,937	191,594,761
Trade debts		475,934,744	1,217,217,880
Loans, advances and other receivables		(9,017,269)	67,103,119
		858,578,412	1,475,915,760
Increase/(decrease) in current liabilities			
Trade and other payables		(260,601,565)	(881,711,379)
Cash generated from operations		648,665,288	811,525,797
Financial charges paid		(52,335,660)	(104,098,604)
Income tax paid		(16,342,489)	(22,522,131)
Net cash generated from operating activities		579,987,139	684,905,062
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property and equipment	4	(19,019,638)	(33,402,943)
Addition to intangible assets	5.1	-	-
Rent received	22	19,889,493	18,495,299
Security deposits received		366,666	-
Long term deposits		60,000	(285,000)
Net cash generated from investing activities		1,296,521	(15,192,644)
Net increase in cash and cash equivalents		581,283,660	669,712,418
Cash and cash equivalents at the beginning of the year		(296,028,862)	(965,741,280)
Cash and cash equivalents at the end of the year	25	285,254,797	(296,028,862)

The annexed notes from 1 to 30 form an integral part of these financial statements.

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Chief Executive


Director

Mohammad Munir Mohammad Ahmed Khanani Securities Limited

Notes to the Financial Statements

For the year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

Mohammad Munir Mohammad Ahmed Khanani Securities Limited ('the Company') is a public unlisted 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.

As at June 30, 2023, the geographical location of Company's branch offices were 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 No. R 1/2, Block 15 Gulistan e Jauhar, Near Dar-ul-Sehat Hospital, Johar Chowrangi, 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 Shahr-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.
- Karachi Branch Office	Office # 29, 3rd Floor, RJ Mall, Main Rashid Minhas Road,
- Peshawar Regional Office	Office# 28-B. second floor. Cantt. Mall. Fakhre Alam Road. Peshawar Cantt

- 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.
- Lahore Branch Office	Office # 416, 4th Floor, Siddique Trade Centre, Gulberg,
- 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,

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 comprise of:

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

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

2.2 Basis of measurement

In these financial statements all items have been measured at their cost historical cost except for short term investments in quoted equity securities 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

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2.5 New accounting pronouncements

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

(a) IAS 37 -Onerous contracts

Effective date:
January 01, 2022

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

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

Effective date:
January 01, 2022

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

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

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

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

(a) IAS 1 - Disclosure of accounting policies


Effective date:
January 01, 2023

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

(b) IAS 8 - Definition of accounting estimates

Effective date:
January 01, 2023

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



(c) **IAS 12 - Deferred tax**

Effective date:
January 01, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) **IAS 1 - Classification of liabilities as current or non current**

Effective date:
January 01, 2024

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

(e) **IFRS 16 - Sale and leaseback transaction**

Effective date:
January 01, 2024

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

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

3.1 **Property and equipment**

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

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

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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, 2023 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 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.

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.

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.

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(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.

(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.

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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.

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.

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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
	-----Rupees-----					
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>
Movement during the year ended June 30, 2022						
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>
Movement during the year ended June 30, 2023						
Opening net book value	16,790,238	2,074,031	22,258,541	254,698	22,067,411	63,444,919
Additions during the year	14,101,700	-	4,777,374	-	140,564	19,019,638
Depreciation for the year	(1,194,547)	(207,403)	(7,825,240)	(25,470)	(4,444,840)	(13,697,500)
Closing net book value	<u>29,697,391</u>	<u>1,866,628</u>	<u>19,210,675</u>	<u>229,228</u>	<u>17,763,135</u>	<u>68,767,057</u>
As at June, 2023						
Cost	33,711,700	4,224,723	50,175,659	535,987	42,976,239	131,624,308
Accumulated depreciation	(4,014,309)	(2,358,095)	(30,964,984)	(306,759)	(25,213,104)	(62,857,251)
Net book value	<u>29,697,391</u>	<u>1,866,628</u>	<u>19,210,675</u>	<u>229,228</u>	<u>17,763,135</u>	<u>68,767,057</u>
Annual rates of depreciation	<u>5%</u>	<u>10%</u>	<u>30%</u>	<u>10%</u>	<u>20%</u>	

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5.	INTANGIBLE ASSETS	Note	2023	2023
			Rupees	
	Computer software	5.1	1,307,755	1,868,222
	Trading Rights Entitlement (TRE) Certificate		2,500,000	2,500,000
			<u>3,807,755</u>	<u>4,368,222</u>
5.1	Computer Software			
	Cost			
	Opening balance		5,093,822	5,093,822
	Additions during the year		-	-
	Closing balance		<u>5,093,822</u>	<u>5,093,822</u>
	Accumulated amortization			
	Opening balance		(3,225,600)	(2,424,933)
	Charge for the year		(560,467)	(800,667)
	Closing balance		<u>(3,786,067)</u>	<u>(3,225,600)</u>
	Net book value as at June 30 2023		<u>1,307,755</u>	<u>1,868,222</u>
	Amortisation rate		<u>30%</u>	<u>30%</u>
			2023	2022
6.	LONG TERM DEPOSITS		Rupees	
	Deposit placed with			
	- 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		563,000	623,000
			<u>2,663,000</u>	<u>2,723,000</u>
7.	INVESTMENT PROPERTY			
	As at July 01			
	Cost		123,638,482	123,638,482
	Accumulated depreciation		(18,081,777)	(12,526,161)
	Opening carrying value		<u>105,556,705</u>	<u>111,112,321</u>
	Depreciation charge for the year	20	(5,277,835)	(5,555,616)
	Closing carrying value		<u>100,278,870</u>	<u>105,556,705</u>
	Annual rate of depreciation		<u>5%</u>	<u>5%</u>
7.1	This represents investment in following properties to earn rental income or capital appreciation;			
	<ul style="list-style-type: none"> - 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, 2023, fair value of the investment properties amounts to Rs. 236.5 million.			

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		2023	2022
		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	-	-
- Other temporary differences - 'Provision for doubtful Trade debts and other receivables		29,867,117	9,373,356
		<u>29,867,117</u>	<u>9,373,356</u>

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

Deferred tax asset on short term investments in respect of the realized capital losses amounting to Rs. 98.88 million (2022: Rs. 43.13 million) and in respect of unrealized capital losses amounting to Rs. Nil (2022: Rs. 45.37) has not been recognized in the books of the Company. Because it is not probable that the future capital gains on securities will be available against which the Company can use the benefits therefrom.

		2023	2022
		Rupees	
9. SHORT TERM INVESTMENT IN SECURITIES	<i>Note</i>		
Investment in quoted securities	9.1	900,735,358	1,087,284,256
Investment in mutual funds	9.2	-	69,653,245
		<u>900,735,358</u>	<u>1,156,937,501</u>

9.1 Investment in quoted securities

Cost		1,160,456,545	1,628,270,415
<i>Deficit on revaluation</i>			
Opening balance		(540,986,159)	169,730,777
Gain / (loss) for the year		281,264,972	(710,716,936)
		<u>(259,721,187)</u>	<u>(540,986,159)</u>
		<u>900,735,358</u>	<u>1,087,284,256</u>

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

		2023	2022
		Rupees	
<i>Pledged with Financial Institutions</i>	<i>Note</i>		
Clients		912,669,688	1,613,386,745
Brokerage House		789,325,739	1,023,135,460
		<u>1,701,995,427</u>	<u>2,636,522,205</u>
<i>Pledged with PSX / NCCPL</i>			
Clients		-	13,335,500
Brokerage house including marginal financing		421,446,296	672,267,182
	9.2.1	<u>421,446,296</u>	<u>685,602,682</u>

9.2.1 This includes securities pledged with NCCPL against exposure demand in ready market amounts to Rs. 287 million.

		2023	2022
		Rupees	
10. TRADE DEBTS	<i>Note</i>		
Trade receivables - gross	30.2	1,109,839,497	1,618,566,797
Less: Provision for expected credit losses	10.1	(102,990,058)	(32,321,918)
		<u>1,006,849,438</u>	<u>1,586,244,879</u>
Receivable against margin financing - gross		563,334,750	459,874,053
		<u>1,570,184,188</u>	<u>2,046,118,932</u>

		2023	2022
		— Rupees —	
10.1	Movement in provision for expected credit losses on trade debts		
	Balance at the beginning of the year	32,321,918	40,426,767
	Charge during the year	70,668,140	-
	Reversal during the year	-	(8,104,849)
	Balance at the end of the year	102,990,058	32,321,918

- 10.2** The Company held equity securities having fair value of Rs. 1,275 million owned by its clients, as collaterals against trade debts and margin financing receivables. The aging analysis of the total receivable from clients (i.e. inclusive of trade debts and receivable against margin financing) as at the reporting date has been disclosed in note 27.1.1).

		2023	2022
		— Rupees —	
11.	LOANS, ADVANCES AND OTHER RECEIVABLES		
	<i>Loans</i>		
	- Loan to employees - unsecured	4,945,750	2,459,250
	<i>Advances</i>		
	- Advance to PMEX against offices	10,000,000	10,000,000
	- Others	987,842	-
		10,987,842	10,000,000
	<i>Deposits placed with NCCPL in respect of:</i>		
	- Loss on DFCs (net of demand)	2,026,648	-
	- MTS concentration margin	-	6,340,803
		2,026,648	6,340,803
	<i>Other receivables</i>		
	- Receivable from NCCPL against:		
	▪ profit held on Deliverable Futures Contracts (DFCs)	13,948,170	9,431,886
	▪ accrued markup on deposits against exposure margins	419,334	64,263
	▪ others	114,463	114,463
	- Profit receivable on saving account	4,985,727	-
		19,467,694	9,610,612
		37,427,934	28,410,665

- 11.1** This represents interest-free loan provided to the employees as per the terms of their employment and repayable in agreed equal monthly installments.

		2023	2022
		— Rupees —	
12.	BANK BALANCES		
	Cash at banks - current accounts	582,917,912	643,689,396
	Cash at banks - saving accounts	289,730,377	259,128,548
		872,648,289	902,817,944

- 12.1** The return on these balances is 15% to 20% (2022: 10.5% to 12.01%) per annum on daily product basis.

- 12.2** Bank balances include customers' bank balances held in designated bank accounts amounting Rs. 639,273,482 (2022: Rs. 900,091,265).

13. ISSUED, SUBSCRIBED & PAID UP CAPITAL

2023 (Number of shares)	2022		2023 Rupees	2022
<u>39,513,654</u>	<u>39,513,654</u>	Ordinary shares of Rs.10/- each fully paid in cash	<u>395,136,540</u>	<u>395,136,540</u>

13.1 Pattern of Shareholding

Categories of shareholders	2023		2022	
	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 Nawaz Alam Malik	100	0.0003%	-	0.0000%
Muhammad Rizwan	-	0.0000%	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 among shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

14. LONG TERM DEPOSITS	Note	2023 Rupees	2022
Security deposit on Rawalpindi Property	30.2	266,667	266,667
Security deposit on Lahore Property		366,666	-
		<u>633,333</u>	<u>266,667</u>

15. SHORT TERM BORROWINGS

Conventional financing - Running finance

Soneri Bank Limited	15.1	402,420,184	371,282,540
Bank Al Habib	15.2	174,352,285	538,289,236
Bank of Khyber	15.3	10,400,000	168,500,000
JS Bank Limited	15.4	119,625	91,091,460
Allied Bank Limited	15.5	101,398	29,683,570
		<u>587,393,492</u>	<u>1,198,846,806</u>

15.1 This represents the amount availed under a short term running finance facility amounting to Rs. 600 million (2022: Rs. 600 million) obtained from Soneri Bank Limited for working capital requirement (margin finances requirements). This carries markup at the rate of 3 Month Kibor plus 1% per annum (2022: 3 Month Kibor plus 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.

The facility is due to expire on November 30, 2023.

15.2 This represents the amount availed under a short term running finance facility amounting to Rs. 1,000 million (2022: 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 Month KIBOR plus 0.75% per annum (2022: 3 Month KIBOR plus 1% 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 May 31, 2026.

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- 15.3 This represents the amount availed under a short term running finance facility amounting to Rs. 250 million (2022: Rs. 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 plus 1.5%-3.8% per annum (2022: 3 Month KIBOR plus 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, 2024.

- 15.4 This represents the amount availed under a short term running finance facility amounting to Rs. 600 million (2022: Rs. 600 million) obtained from JS Bank Limited for working capital requirement (margin finances requirements). This carries markup at the rate of 1 Month KIBOR plus 2% per annum (2022: 1 Month KIBOR + 2% per annum) and is secured by:

- Pledge of shares with a flat margin of 35% on shares as per JS Bank approved list;
- Personal guarantee of directors holding more than 10%;
- Equitable mortgage of Commercial Plot D-18, Block-8, KDA Scheme No.5, Clifton, Karachi

The facility is expired on June 30, 2023.

- 15.5 This represents the amount availed under running finance facility amounting to Rs. 500 million (2022: Rs. 500 million) obtained from Allied Bank to finance investment in equity market. This carries markup at the rate of 3 Month KIBOR plus 0.75% per annum (2022: 3 Month KIBOR plus 1%) 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, 2023.

	2023	2022
	Rupees	
16. TRADE AND OTHER PAYABLES		
Trade payables	648,267,991	892,095,842
Accrued expenses	5,606,625	4,110,862
Sindh sales tax payable	724,168	2,164,956
Withholding income tax payable	1,961,718	2,300,110
Commission payable to agents	42,412,175	64,949,334
Future profit withheld	9,015,573	4,922,778
Retained profit DFC	6,512,017	4,557,950
	<u>714,500,267</u>	<u>975,101,832</u>

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

- 17.1.1 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 levying super tax and capital gain tax on disposal of PSX shares and created a demand of Rs. 41,143,811/-. The order u/s 122(5A) was challenged before CIR(Appeals) who maintained the order of the assessing officer which have been challenged before the Appellate Tribunal Inland Revenue, karachi. The management of the company in consultation with its legal and tax advisor is confident that the decision will be in favor of the Company.

- 17.1.2 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 and amended the deemed assessment mainly on account of apportionment of expenses to the stream of incomes and created a demand of Rs. 2,668,396/-. The order u/s 122(5A) was challenged before CIR(Appeals) who annul certain additions and confirmed other amendments made in the order of the assessing officer which have been challenged before the Appellate Tribunal Inland Revenue, karachi. The management of the company in consultation with its legal and tax advisor is confident that the decision will be in favor of the Company..

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- 17.1.3 The Additional Commissioner Inland Revenue amended the deemed assessment u/s 122 (5A) of income tax ordinance for the tax year 2022 vide order dated 28 March 2023 by levying capital gain tax on exempt capital gain and disallowance of tax credit on donation to certain institutions and created a demand of Rs. 17,505,338/-. The order u/s 122(5A) was challenged before CIR(Appeals) who Annulled the order of the assessing officer and decided the appeal in favor of the Company.

17.2 Commitments	2023 Rupees	2022
- Bank guarantee provided in favour of NCCPL in respect of exposure demand on deliverable future contracts (DFCs)	109,000,000	98,000,000
- Bank guarantee provided to PSX in respect of Base Minimum Capital (BMC) requirement	36,000,000	31,000,000
- Bank guarantee provided in favour of NCCPL in respect of exposure demand on Margin Trading System (MTS)	-	98,000,000

18. OPERATING REVENUE	Note	2023 Rupees	2022
<i>Brokerage income</i>			
Net commission earned		108,043,026	181,769,686
<i>Markup / interest on:</i>			
Markup on cash margin against DFCs		3,148,085	543,135
Income under Margin Trading system		312,476	2,039,296
Markup on Margin Financing		54,269,263	61,199,971
Markup overdue on Margin financing		13,981,538	32,221,243
		71,711,362	96,003,645
Dividend income		43,423,428	51,162,034
Commission on share application		6,821	13,451,976
		223,184,637	342,387,341

19. CAPITAL LOSS ON SALE OF INVESTMENTS

Loss on sale of short term investments	19.1	(145,806,178)	(148,710,893)
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- 19.1 The computation of taxable capital 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 as per accounting principles with that of NCCPL is reproduced hereunder;

	2023 Rupees	2022
Capital loss as per accounting principles	(145,806,178)	(148,710,893)
Allowance @ 0.25% as per rule 13N(8) of the Income Tax Rules	(27,895,429)	(18,543,649)
Adjustment of carryforward capital loss of previous tax periods	-	-
Taxable Capital gain as per NCCPL in accordance with Section 37A	(173,701,607)	(167,254,542)

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

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- 20.3 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					
Fahad	1,092,000	-	1,092,000	As per slab	12,300
Touseef	1,080,000	-	1,080,000	As per slab	12,000
Abdul Razzak	2,760,000	-	2,760,000	As per slab	237,000
Adnan	2,040,000	-	2,040,000	As per slab	120,000
Iqra	1,200,000	-	1,200,000	As per slab	15,000
Junaid	1,200,000	-	1,200,000	As per slab	15,000
Sayyar	1,440,000	-	1,440,000	As per slab	45,000
Danish	1,200,000	-	1,200,000	As per slab	15,000
Jawed Younus	1,872,000	-	1,872,000	As per slab	99,000
Kamran	1,200,000	-	1,200,000	As per slab	15,000
M.Faisal Malik	1,800,000	-	1,800,000	As per slab	90,000
Yasir	1,320,000	-	1,320,000	As per slab	30,000
Farhana Saba	1,500,000	-	1,500,000	As per slab	52,500
Muhammad Arif	1,788,000	-	1,788,000	As per slab	88,500
Zaid Farooq Lodhia	1,800,000	-	1,800,000	As per slab	90,000
Abdul Qadir	840,000	-	840,000	As per slab	6,000
Aftab	936,000	-	936,000	As per slab	8,400
Ahmed Khanani	1,039,800	-	1,039,800	As per slab	10,992
Uzair Younus	1,320,000	-	1,320,000	As per slab	30,000
Muhammad Bilal	1,320,000	-	1,320,000	As per slab	30,000
Waqar Ashraf	1,080,000	-	1,080,000	As per slab	12,000
Faizan Ali Shaikh	1,200,000	-	1,200,000	As per slab	15,000
Anwer Khan	1,320,000	-	1,320,000	As per slab	30,000
Dilip	1,020,000	-	1,020,000	As per slab	10,500
Khurram Fojdar	1,320,000	-	1,320,000	As per slab	30,000
Saqlain	1,080,000	-	1,080,000	As per slab	12,000
Directors' Remuneration (Muhammad Arif)	1,788,600	-	1,788,600	As per slab	88,896
- Pxx Charges Paid	8,941,313		7,202,967	3%	216,089.01
Nccpl Charges Recovered From Clients	(8,664,803)				
Expense For The Year	276,510				
- Nccpl Charges Paid	13,322,907		18,713,980	3%	578,784.00
Nccpl Charges Recovered From Clients	(12,985,156)				
Expense For The Year	337,750				
- Cdc Charges Paid	11,435,380	-	11,396,843	8%	933,186
Cdc Charges Recovered From Clients	(10,865,332)				
Expense For The Year	570,049				
- Kats Annual Fee	2,024,798	-	2,024,798	3%	60,744
- Telephone & Fax Bills - Ptel	737,322	737,322	-	-	-
- Insurance	1,524,942	1,524,942	-	-	-

Vis Credit Rating Company Ltd	753,788	-	769,950	8%	61,596
Kabani Associates	35,500	25,000	10,500	10%	1,050
Syed Ali Faraz Stamp Vendor	166,276	124,006	42,270	10%	4,227
; Less; Recovered From Clients	(164,325)				
	1,951				
<i>- Printing & Stationary Paid</i>	1,624	1,624	-	-	-
<i>- Electricity Bills - Psx</i>	3,856,604	101,557	3,755,047	Slab	13,393
<i>- Office Service Charges</i>					
Rent	5,749,704	208,343	5,541,361	Slab	169,779
<i>- General Expense</i>					
Parking Charges Paid To Psx	121,500	-	312,000	3%	9,360
Miscellaneous Expenses	67,458	42,010	25,448	4.5%	1,145
<i>- Advertisement Expense</i>	1,315,000	1,000,000	315,000	3%	9,450
<i>- Audit Fee- Rsrir Ca'S</i>	1,000,000	-	1,001,810	10%	100,118
<i>- Water Charges- Pakistan Beverages</i>					
Pakistan Beverage Ltd (Aquafina)	136,800	-	136,800	4%	5,472
Nordica Health Products (Pvt) Ltd	59,841	-	59,841	4%	2,394

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.	263,083	-	293,516	3%	8,837
Less: Recovered From Clients	(120,200)				
Expense For The Year	142,883				
<i>Software Charges</i>					
Microlinks (Pvt) Limited	6,579,358	-	8,018,377	3%	241,037
Catalyst It Solutions (Pvt) Ltd.	2,263,770	-	2,296,842	3%	69,113
<i>Fees And Subscription</i>					
Cs Solutions Pvt Limited	3,872,966	-	3,622,622	3%	108,679
Secp (Form A, 29)	12,345	12,345	-	-	-
Secp Broker Renewal	200,050	200,050	-	-	-
Branch Renewal Fee / Room Noc -Psx	55,025	55,025	-	-	-
Psx Stock Brokers Association	50,000	50,000	-	-	-
Movenpick	131,655	131,655	-	-	-
<i>Rent, Rates And Taxes</i>					
Professional Tax - Nbp	100,000	100,000	-	-	-

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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.	263,083	-	293,516	3%	8,837
Less: Recovered From Clients	(120,200)				
Expense For The Year	<u>142,883</u>				
<i>Software Charges</i>					
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Secp (Form A, 29)	12,345	12,345	-	-	-
Secp Broker Renewal	200,050	200,050	-	-	-
Branch Renewal Fee / Room Noc -Psx	55,025	55,025	-	-	-
Psx Stock Brokers Association	50,000	50,000	-	-	-
Movenpick	131,655	131,655	-	-	-
<i>Rent, Rates And Taxes</i>					
Professional Tax - Nbp	100,000	100,000	-	-	-
Chaklala Cantonment Board	1,375,250	1,375,250	-	-	-
Property Tax - Cantonment Board Clifton	1,375,250	1,375,250	-	-	-
Property Tax Pt-10	173,920	173,920	-	-	-
<i>Repair & Maintenance</i>	996,393	996,393	-	-	-
<i>Donation</i>	21,339,793	21,339,793	-	-	-
<i>Office Equipment - Operatig Fixed Assets</i>	4,777,374	-	4,800,384	4.5%	216,017

		2023	2022
	Note	Rupees	
21. FINANCE COSTS			
Markup on short term borrowings		51,608,955	97,907,430
Bank charges		2,977,568	2,614,430
		<u>54,586,523</u>	<u>100,521,860</u>
22. OTHER INCOME			
Profit on saving account		4,986,133	279
Rental income	7.1	19,889,493	18,495,299
Reversal of provision for doubtful debts - net		-	8,104,849
		<u>24,875,625</u>	<u>26,600,427</u>
23. TAXATION - NET			
Current		12,920,790	26,244,526
Prior		-	-
Deferred		(20,493,761)	(23,109,211)
		<u>(7,572,971)</u>	<u>3,135,314</u>

- 23.1 The income tax assessments of the Company have been finalized up to, and including, the tax year 2022. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

	2023	2022
	— Rupees —	
23.2 Reconciliation of tax expense with accounting profit / (loss)		
Accounting Profit / (loss) before tax	-	1,802,069,497
Tax on above @ 29%	-	522,600,154
Tax effect of exempt / notional income and income taxed at lower rate	-	(332,404,782)
Tax effect of income taxed under presumptive tax / difference of minimum tax	-	(5,417,221)
Effect of disallowances / tax adjustments	-	24,420,111
Effect of tax credits / rebates	-	(6,235,000)
Effect of prior year adjustment	-	2,211,130
	-	205,174,392

- 23.3 In relation to the year ended June 30, 2023, the numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented since the Company has been taxed under the Minimum Tax Regime (MTR).

24. EARNINGS / (LOSS) PER SHARE

24.1 Basic earning per share

Profit / (loss) after taxation	139,487,374	(737,042,507)
Weighted average number of shares outstanding during the year	39,513,654	39,513,654
Earning / (loss) per share - basic and diluted	3.53	(18.65)

24.2 Diluted Earning per share

There is no dilutive effect on the basic earnings / (loss) per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2023 and June 30, 2022.

	Note	2023	2022
		— Rupees —	
25. CASH AND CASH EQUIVALENTS			
Bank balances	12	872,648,289	902,817,944
Short term borrowings - running finance	15	(587,393,492)	(1,198,846,806)
		285,254,797	(296,028,862)

26. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company (including directors) and their close family members. Remuneration of the Chief Executive and directors is disclosed in note 20.1 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:

	2023	2022
	Rupees	
Name of the related party, relationship with company and Nature of Transaction		
<u>KEY MANAGEMENT PERSONNEL</u>		
Muhammad Munir (CEO / Director)		
<i>Transaction during the year</i>		
Commision earned on sale and purchase of securities	<u>3,221,250</u>	<u>5,223,722</u>
<i>Balances at the year end</i>		
Trade Payable at year end	-	15,089,702
Trade Receivable at year end	<u>2,172,159</u>	<u>-</u>
Manzoor Ahmed (Director)		
<i>Transaction during the year</i>		
Commision earned on sale and purchase of securities	<u>2,540,144</u>	<u>2,009,392</u>
<i>Balances at the year end</i>		
Trade Receivable at year end	<u>3,627,935</u>	<u>3,818,572</u>
Mohammad Arif (Director)		
<i>Balances at the year end</i>		
Trade Payable at year end	<u>14,089</u>	<u>14,741</u>
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Abdul Hadi		
<i>Transaction during the year</i>		
Commision earned on sale and purchase of securities	<u>2,529,822</u>	<u>2,659,721</u>
<i>Balances at the year end</i>		
Trade Receivable at year end	<u>561,793</u>	<u>623,780</u>
Rozmeen Arif		
<i>Balances at the year end</i>		
Trade Payable at year end	<u>13,988</u>	<u>14,715</u>

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27. FINANCIAL INSTRUMENTS

27.1 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.

27.1.1 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:

	2023	2022
	Rupees	
Long term deposits	2,663,000	2,723,000
Short term investments	900,735,358	1,156,937,501
Trade debts (including receivable against margin financing)	1,570,184,188	2,046,118,931
Loans and other receivables	26,440,092	18,410,665
Bank balances	872,648,289	902,817,944
	<u>3,372,670,927</u>	<u>4,127,008,041</u>

Impairment losses:

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

	2023		2022	
	Gross Carrying amount	Life time expected credit losses	Gross Carrying amount	Life time expected credit losses
	Rupees			
Past due 1-30 days	494,477,959	5,674,156	900,804,795	2,316,028
Past due 31-180 days	121,940,417	9,687,294	361,257,581	4,640,797
Past due 181-365 days	113,825,462	32,933,016	318,384,893	20,464,707
More than 365 days	327,864,659	54,695,593	38,119,526	4,900,388
	<u>1,058,108,497</u>	<u>102,990,059</u>	<u>1,618,566,796</u>	<u>32,321,919</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.

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:

Banks / other institutions	Short term rating	Credit rating agency	2023	2022
			Rupees	
Allied Bank	A-1+	PACRA	1,734,283	828,244
Askari Bank	A-1+	PACRA	654,191	2,875,330
Bank Al Habib	A-1+	PACRA	175,671,883	348,756,647
Bank Alfalah	A-1+	PACRA	7,062,021	10,038,615
Bank Islami	A-1	PACRA	10,055,089	106,459
Bank Of Khyber	A-1	PACRA	10,488,670	71,734,165
Dubai Islamic Bank	A-1+	JCR-VIS	195,423	1,233,301
Faysal Bank	A-1+	PACRA	4,993,521	21,195,073
Habib Bank	A-1+	JCR-VIS	11,055,854	1,830,996
Habib Metro	A-1+	PACRA	80,373	17,562,609
JS Bank	A-1+	PACRA	218,816	90,035,680
MCB Bank	A-1+	PACRA	666,180	12,113,971
Meezan Bank	A-1+	JCR-VIS	4,006,762	19,839,734
National Bank	A-1+	PACRA	187,599	841,900
Sindh Bank	A-1+	JCR-VIS	9,776,014	10,857,037
Soneri Bank	A-1+	PACRA	634,366,207	291,347,369
Summit Bank	-	-	510,235	616,059
United Bank	A-1+	JCR-VIS	925,168	1,004,756
			872,648,289	902,817,945

27.1.2 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.

	June 30, 2023			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Long term deposits	633,333	633,333	-	633,333
Short term borrowings	587,393,492	587,393,492	587,393,492	-
Trade and other payables	714,500,267	714,500,267	714,500,267	-
Accrued markup	13,274,909	13,274,909	13,274,909	-
	1,315,802,001	1,315,802,001	1,315,168,668	633,333
	June 30, 2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Long term deposits	266,667	266,667	-	266,667
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	-
	2,185,506,019	2,185,506,019	2,185,239,352	266,667

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27.1.3 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:

	2023	2022	2023	2022
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Bank deposits - PLS account	15% - 20%	10.5% - 12.01%	<u>289,730,377</u>	<u>259,128,548</u>
Financial liabilities				
Short term borrowings	1-3 Months KIBOR + 1.5% - 2.5%	1-3 Months KIBOR + 1.5% - 2.5%	<u>587,393,492</u>	<u>1,198,846,806</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 decrease	100 bps increase
	----- Rupees -----	
As at June 30, 2023	<u>2,976,631</u>	<u>(2,976,631)</u>
As at June 30, 2022	<u>9,397,183</u>	<u>(9,397,183)</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, 2023 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, 2023	900,735,358	5% change	45,036,767.90
June 30, 2022	1,087,284,256	5% change	54,364,213

27.2 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.

	2023		
	Financial assets at amortised cost	At fair value through profit or loss	Financial liabilities at amortised cost
June 30, 2023			
Financial assets			
Long term deposits	2,663,000	-	-
Short term investment	-	900,735,358	-
Trade debts	1,570,184,188	-	-
Loans, advances & other receivables	37,427,934	-	-
Cash and bank balances	872,648,289	-	-
	<u>2,482,923,411</u>	<u>900,735,358</u>	<u>-</u>
Financial liabilities			
Long term deposits	-	-	633,333
Short term borrowings - secured	-	-	587,393,492
Trade and other payables	-	-	714,500,267
Accrued markup on short term borrowings	-	-	13,274,909
	<u>-</u>	<u>-</u>	<u>1,315,802,001</u>
	2022		
	Financial assets at amortised cost	At fair value through profit or loss	Financial liabilities at amortised cost
June 30, 2022			
Financial assets			
Long term deposits	2,723,000	-	-
Short term investment	-	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>
Financial liabilities			
Long term deposits	-	-	266,667
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>2,185,506,019</u>

27.3 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 statement of financial position:

	Level 1	Level 2	Level 3	Total
June 30, 2023	Rupees			
Short term investments	900,735,358	-	-	900,735,358
	900,735,358	-	-	900,735,358
June 30, 2022	Rupees			
Short term investments	1,087,284,256	69,653,245	-	1,156,937,501
	1,087,284,256	69,653,245	-	1,156,937,501

28. CAPITAL

28.1 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.

28.2 Capital Adequacy level

The Capital Adequacy Level of the Company as of the reporting date was as follows:

	Note	2023	2022
		Rupees	
Total assets	28.2.1	3,660,228,966	4,390,178,943
Less: Total liabilities		(1,315,802,001)	(2,185,239,352)
Less: revaluation reserves (created upon revaluation of fixed assets)		-	-
		2,344,426,965	2,204,939,591

28.2.1 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.

28.3 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
1. Assets				
1.1	Property & Equipment	169,045,926	-	-
1.2	Intangible Assets	3,807,755	3,807,755	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	Investment in Equity Securities			
1.5	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. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	900,735,358	155,714,396	745,020,962
	ii. If unlisted, 100% of carrying value.	-	-	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking			
	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.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.			
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	2,100,000	2,100,000	-
1.9	Margin deposits with exchange and clearing house.	2,026,648	-	2,026,648
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	41,417,959	41,417,959	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	4,985,727	-	4,985,727
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing.			
	Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	Advances and receivables other than trade Receivables;			
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	4,945,750	4,945,750	-
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	73,849,398	73,849,398	-
	(iii) In all other cases 100% of net value	14,515,335	14,515,335	-
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.	13,948,170	-	13,948,170

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
Assets				
1.17	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>	549,353,212	-	549,353,212
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	-	-
	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>	134,046,167	-	134,046,167
	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>	872,803,271	330,661,348	542,141,923
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. <i>vi. Lower of net balance sheet value or value determined through adjustments</i>	-	-	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	233,575,385	-	233,575,385
	ii. Bank balance-customer accounts	639,072,904	-	639,072,904
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/ offer for sale (asset)			
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.	-	-	-
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.	-	-	-
1.20	Total Assets	3,660,228,966		2,864,171,098
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	648,267,991	-	648,267,991

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
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2. Liabilities

2.2	Current Liabilities			
	i. Statutory and regulatory dues	2,685,886	-	2,685,886
	ii. Accruals and other payables	76,821,299	-	76,821,299
	iii. Short-term borrowings	587,393,492	-	587,393,492
	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	633,333	-	633,333
2.3	Non-Current Liabilities			
	i. Long-Term financing			
	ii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	iii. Staff retirement benefits			
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases	-	-	-
2.4	Subordinated Loans			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:	-	-	-
	Advance against shares for Increase in Capital of Securities broker:			
2.5	100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.	-	-	-
	e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	Total Liabilities	1,315,802,001		1,315,802,001

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. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities	-	250,799,324	250,799,324
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 (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)	-	-	-

2

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
	Net underwriting Commitments			
3.3	(a) in the case of right issue : if the market value of securites 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 commitment	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments			
	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 cuurency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO			
	Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites 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	-	-	-
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	27,578,124	27,578,124
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
	Short selll positions			
3.10	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	-	-	-
	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	-	-	278,377,448

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	2,864,171,098
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(1,315,802,001)
(iii) Less: Total ranking liabilities (series number 3.11)	(278,377,448)
	<u>1,269,991,649</u>

29. NUMBER OF EMPLOYEES	2023	2022
	Number	
Total number of employees as at June 30, 2023	<u>25</u>	<u>31</u>
Average number of employees during the year	<u>28</u>	<u>32</u>

30. GENERAL	2023	2022
	Rupees	
30.1 Customers assets held in the Central Depository System		
No. of shares as at June 30, 2023	<u>1,023,363,600</u>	<u>904,642,056</u>
Amount of shares as at June 30, 2023	<u>10,311,987,512</u>	<u>11,772,500,170</u>

30.2 Corresponding figures

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

Reclassified from component	Reclassified to component	Amount (Rupees)
Trade receivable from clients (Trade debts)	Accrued markup on deposits against exposure margins (Loans, advances and other receivables)	<u>64,263</u>
Security deposit on Islamabad property (Trade and other payables)	Security deposit on Islamabad property (Long term deposit)	<u>266,667</u>

30.3 Date of authorization

The financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 21 SEP 2023.

30.4 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

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Chief Executive


Director