

**REANDA**

Reanda Haroon Zakaria & Company
Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GMI CAPITAL SECURITIES (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

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

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

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the Company's business; and
- 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, section 62 of the Futures Market Act, 2016, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016, as at the date on which the financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.



Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: 28 SEP 2023

UDIN: AR202310147QRIMbaXv

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	2,054,244	2,232,496
Investment property	6	7,597,746	8,441,940
Intangible asset	7	2,500,000	2,500,000
Long term deposits	8	6,096,609	5,996,609
Deferred taxation	9	-	-
		<u>18,248,599</u>	<u>19,171,045</u>
Current Assets			
Trade receivables	10	27,672,307	27,548,274
Deposits & other receivables	11	39,975,276	38,699,684
Tax refunds due from government - net	12	8,297,151	8,363,095
Short term investments	13	52,583,107	59,631,874
Cash and bank balances	14	67,987,683	67,289,230
		<u>196,515,524</u>	<u>201,532,157</u>
Total Assets		<u><u>214,764,123</u></u>	<u><u>220,703,202</u></u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
1,500,000 (2022: 1,500,000) Ordinary shares of Rs. 100 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid -up capital	15	150,000,000	150,000,000
Reserves		<u>55,410,192</u>	<u>63,695,424</u>
		<u>205,410,192</u>	<u>213,695,424</u>
Current Liabilities			
Trade payables	16	8,208,529	6,156,634
Accrued expenses & other liabilities	17	1,145,402	851,144
		<u>9,353,931</u>	<u>7,007,778</u>
Contingencies and Commitments	18		
Total Equity and Liabilities		<u><u>214,764,123</u></u>	<u><u>220,703,202</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements


Chief Executive


Director

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	<i>Note</i>	<i>2023 Rupees</i>	<i>2022 Rupees</i>
Revenue			
Operating revenue	19	3,985,780	12,067,954
Capital gain on investment at fair value - through profit or loss - realized		6,350,763	844,726
Unrealized loss on remeasurement of investment at fair value - through profit or loss		<u>(8,611,608)</u>	<u>(24,908,743)</u>
		1,724,935	(11,996,063)
Expenses			
Administrative expenses	20	<u>(9,970,354)</u>	<u>(14,664,733)</u>
Finance cost	21	<u>(18,134)</u>	<u>(11,646)</u>
		<u>(9,988,488)</u>	<u>(14,676,379)</u>
Operating loss		(8,263,553)	(26,672,442)
Other charges	22	(6,738,029)	(8,831,545)
Other income	23	<u>7,218,154</u>	<u>3,736,148</u>
Loss before taxation		<u>(7,783,428)</u>	<u>(31,767,839)</u>
Taxation	24	(501,804)	4,552,875
Loss after taxation		<u><u>(8,285,232)</u></u>	<u><u>(27,214,964)</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements

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Mariya

Chief Executive

Mariam

Director

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	<i>2023</i> <i>Rupees</i>	<i>2022</i> <i>Rupees</i>
Loss for the year	(8,285,232)	(27,214,964)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u><u>(8,285,232)</u></u>	<u><u>(27,214,964)</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements


Mariya
Chief Executive


Mariam
Director

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	<i>Issued, subscribed and paid - up capital</i>	<i>Reserves Revenue Accumulated profit</i>	<i>Total equity</i>
	<i>----- Rupees -----</i>		
Balance as at June 30, 2021	150,000,000	90,910,388	240,910,388
Loss for the year	-	(27,214,964)	(27,214,964)
Balance as at June 30, 2022	150,000,000	63,695,424	213,695,424
Loss for the year	-	(8,285,232)	(8,285,232)
Balance as at June 30, 2023	150,000,000	55,410,192	205,410,192

The annexed notes from 1 to 39 form an integral part of these financial statements

Maruya

Maruya

Chief Executive

Mariam

Director

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2023 Rupees	2022 Rupees
Loss before taxation		(7,783,428)	(31,767,839)
Adjustments for non cash items:			
Depreciation - investment property		844,194	937,993
Depreciation - property and equipment		368,652	401,352
Loss on disposal of property and equipment		-	-
Capital gain - realized		(6,350,763)	(844,726)
Unrealized loss on remeasurement of investment		8,611,608	24,908,743
Dividend income		(745,680)	(897,481)
Rental income		(1,557,756)	(1,416,140)
Finance cost		18,134	11,646
		<u>1,188,389</u>	<u>23,101,387</u>
Operating (loss) / profit before working capital changes		(6,595,039)	(8,666,452)
Decrease / (increase) in current assets			
Trade receivables		(124,033)	(1,589,769)
Deposits & other receivables		(1,275,592)	(1,660,652)
(Decrease) / increase in current liabilities			
Trade payables		2,051,895	(6,875,639)
Accrued expenses & other liabilities		294,258	(973,371)
		<u>946,528</u>	<u>(11,099,431)</u>
		(5,648,511)	(19,765,883)
Taxes paid		(435,860)	(1,429,922)
Finance cost paid		(18,134)	(11,646)
		<u>(453,994)</u>	<u>(1,441,568)</u>
Net cash (used in) / generated from operating activities		<u>(6,102,505)</u>	<u>(21,207,451)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits - net		(100,000)	(1,250,000)
Short term investment - net		4,787,922	(28,271,755)
Dividend income received		745,680	897,481
Proceeds from disposal of property and equipment		27,000	-
Rental income received during the year		1,557,756	1,416,140
Capital expenditure incurred		(217,400)	-
Net cash (used in) / generated from investing activities		<u>6,800,958</u>	<u>(27,208,134)</u>
Net (decrease) / increase in cash and cash equivalents (A+B)		698,453	(48,415,585)
Cash and cash equivalents at the beginning of the year		67,289,230	115,704,815
Cash and cash equivalents at the end of the year	33	<u>67,987,683</u>	<u>67,289,230</u>

The annexed notes from 1 to 39 form an integral part of these financial statements


Chief Executive


Director

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 NATURE AND STATUS OF BUSINESS

GMI Capital Securities (Private) Limited (the Company) was incorporated in May 22, 2006 as private limited company. The registered office of the Company is situated at 705, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The Company is engaged in the business of financial consultancy, brokerage, underwriting and investment counseling. It is a Trading Right Holder of the Pakistan Stock Exchange Limited.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

- International Financial Reporting Standards for Small and Medium - Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.

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

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivatives and investment.

2.3 Functional and presentation currency

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

2.4 New accounting pronouncements

2.4.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2023.

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

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

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

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

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

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

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

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

2.4.2.3 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. The amendments are effective for annual reporting periods beginning on or after January 01, 2023

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

2.4.2.5 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS - 10 and IAS - 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

2.4.2.6 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 amendments, 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. The amendments are effective for annual reporting periods beginning on or after January 01, 2024 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

2.4.2.7 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. The amendments are effective for annual reporting periods beginning on or after January 01, 2024 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year:

3.1 Property and equipment

3.1.1 Owned

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to acquisition of the assets including borrowing costs.

Where major components of an item of property and equipment have different useful life, they are accounted for as separate items of property and equipment.

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 the cost of the item 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.

Disposal of an item of property and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gain or loss on disposal are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating income" in the statement of profit or loss.

Depreciation is charged to statement of profit or loss applying the reducing balance method.

Depreciation is charged from the month when asset is available for use while no depreciation is charged in the month of disposal.

3.2 Intangible assets

These stated at the cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into account residual value, useful life and amortization methods are reviewed and adjusted, if appropriate, at reporting date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain or loss on disposal, If any are included in the statement of profit or loss.

Trading right entitlement certificate and room

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

Property that is held for long - term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction cost and borrowing costs, if any. Subsequent to initial recognition investment property is measured at cost less accumulated depreciation.

3.4 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

3.5 Financial assets

Initial measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.6 Investments

- Investment in equity shares are classified as **"At Fair Value - Through Profit or Loss"** and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

3.7 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

3.8 Trade debts and other receivables

Trade debts and other receivable are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amount due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. The receivable in respect of securities sold on behalf of clients are recorded at settlement date of transaction.

3.9 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flow includes cash in hand and balances with banks.

3.11 Impairment of financial assets

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs deducting market value of securities available.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs less value of securities.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward - looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.12 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.

3.13 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.

3.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.15 Borrowing / debt

Borrowings / debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings / debt under the effective interest method. Markup / profit on borrowings / debt is calculated using the effective interest method and is recognized in the statement of profit or loss.

3.16 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

3.17 Trade and other payables

Trade and other payable are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost using an effective interest method. Trade payable in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

3.18 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

3.18.1 Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous year.

3.18.2 Deferred

Deferred tax is recognized using balance sheet method, providing for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.19 Provisions

Provisions are recognized when the Company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at the each reporting date and adjusted to reflect current best estimate.

3.20 Revenue recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. revenue is recognized on the following basis.

- 1 Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided based on settlement date accounting.
- 2 Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.
- 3 Gains / (losses) arising on sale of investment are included in the statement of profit or loss for the period which they arise.
- 4 Unrealized capital gains / (losses) arising from mark to market of investments classified as "financial assets at fair value through profit or loss" are included in the statement of profit or loss for the period in which they arise.
- 5 Rental income from investment properties is recognized on accrual basis.
- 6 Other income is recognized on receipt basis.

3.21 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and condition as third party transactions using valuations models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so and accordingly directors are allowed trading in shares free of commission.

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements is in conformity with the approved financial reporting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results on which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision effects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

5 PROPERTY AND EQUIPMENT

5.1 The following is the statement of property and equipment:

Description	Owned Assets					
	Furniture and fixtures	Office Premises	Vehicles	Office equipment	Computers	Total
	----- Rupees -----					
Year ended June 30, 2023						
Net carrying value basis						
Opening net book value (NBV)	88,431	325,994	1,576,424	127,848	113,799	2,232,496
Additions (at cost)	-	-	-	187,750	29,650	217,400
Less: disposals						
Cost	-	-	-	37,370	-	37,370
Depreciation	-	-	-	(10,370)	-	(10,370)
Net book value	-	-	-	27,000	-	27,000
Depreciation charge	(13,265)	(32,599)	(236,464)	(43,290)	(43,035)	(368,652)
Closing net book value	75,166	293,395	1,339,960	245,308	100,414	2,054,244
Gross carrying value basis						
Cost	616,789	1,500,000	2,379,000	626,183	1,998,230	7,120,202
Accumulated depreciation	(541,623)	(1,206,605)	(1,039,040)	(380,875)	(1,897,816)	(5,065,958)
Net book value	75,166	293,395	1,339,960	245,308	100,414	2,054,244
Year ended June 30, 2022						
Net carrying value basis						
Opening net book value (NBV)	104,037	362,216	1,854,616	150,409	162,570	2,633,848
Additions (at cost)	-	-	-	-	-	-
Less: disposals						
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Net book value	-	-	-	-	-	-
Depreciation charge	(15,606)	(36,222)	(278,192)	(22,561)	(48,771)	(401,352)
Closing net book value	88,431	325,994	1,576,424	127,848	113,799	2,232,496
Gross carrying value basis						
Cost	616,789	1,500,000	2,379,000	475,803	1,968,580	6,940,172
Accumulated depreciation	(528,358)	(1,174,006)	(802,576)	(347,955)	(1,854,781)	(4,707,676)
Net book value	88,431	325,994	1,576,424	127,848	113,799	2,232,496
Depreciation rate	15%	10%	15%	15%	30%	

	<i>Note</i>	<i>2023 Rupees</i>	<i>2022 Rupees</i>
6 INVESTMENT PROPERTY			
<i>Cost</i>	6.1	17,650,000	17,650,000
<i>Accumulated depreciation</i>			
Opening at July 01		(9,208,060)	(8,270,067)
Charge for the year		(844,194)	(937,993)
Closing		(10,052,254)	(9,208,060)
NBV at June 30		7,597,746	8,441,940
<i>Rate of depreciation</i>		10%	10%

6.1 These represents two offices in old stock exchange building.

7 INTANGIBLE ASSET

Trading Rights Entitlement Certificate		2,500,000	2,500,000
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8 LONG TERM DEPOSITS

Pakistan Stock Exchange Limited	8.1	10,000	10,000
National Clearing Company of Pakistan Limited	8.2	1,400,000	1,400,000
Central Depository Company of Pakistan Limited		100,000	100,000
Base Minimum Capital		4,576,609	4,476,609
Communication service to customer		10,000	10,000
		6,096,609	5,996,609

8.1 This represents railway land deposit with Pakistan Stock Exchange Limited.

8.2 National Clearing Company of Pakistan Limited

- Security deposit - Basic	200,000	200,000
- Security deposit transferred from PSX	200,000	200,000
- Security deposit - DFC	1,000,000	1,000,000
	1,400,000	1,400,000

9 DEFERRED TAXATION

Asset / (liability)

Relating to taxable temporary differences

Accelerated tax depreciation	(117,828)	(139,226)
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Relating to deductible temporary differences

Business losses	9,708,294	8,499,657
Unabsorbed tax depreciation	2,139,238	1,805,085
Alternative corporate tax	1,774,989	1,774,989
	13,622,521	12,079,732
	13,504,693	11,940,506
<i>Unrecognized deferred tax asset</i>	9.1	(13,504,693)
	-	-

9.1 Deferred tax asset of Rs. 13.51 (2022: Rs. 11.94) Million has not been recognized owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

	Note	2023 Rupees	2022 Rupees
10 TRADE RECEIVABLES			
- <i>Related party (director)</i>			
- Ms. Maria Ghulam Muhammad - considered good	10.1	7,689,604	10,213,571
- <i>Others</i>			
- Clients - considered good	10.2	<u>19,982,703</u>	<u>17,334,703</u>
		<u>27,672,307</u>	<u>27,548,274</u>

10.1 The maximum outstanding balance due from related party at the end of any month amounts to Rs. 4.79 (2022: Rs. 12.43) Million.

10.2 Total value of securities pertaining to clients' and are in their respective sub - accounts amounts to Rs. 363.4 (2022: Rs. 231.04) Million.

	Note	2023 Rupees	2022 Rupees
11 DEPOSITS & OTHER RECEIVABLES			
Exposure deposit	11.1	36,300,000	36,300,000
Other receivable		<u>3,675,276</u>	<u>2,399,684</u>
		<u>39,975,276</u>	<u>38,699,684</u>

11.1 Exposure deposit

Ready market		17,500,000	17,500,000
Future market exposure		<u>18,800,000</u>	<u>18,800,000</u>
	11.1.1	<u>36,300,000</u>	<u>36,300,000</u>

11.1.1 These represent amount of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

	Note	2023 Rupees	2022 Rupees
12 TAX REFUNDS DUE FROM GOVERNMENT - NET			
Opening		8,363,095	2,380,298
Tax paid during the year		435,860	1,429,922
Less: current tax	24	(152,401)	(274,253)
Less: prior tax		<u>(349,403)</u>	<u>4,827,128</u>
Closing		<u>8,297,151</u>	<u>8,363,095</u>

13 SHORT TERM INVESTMENT

At fair value - through profit or loss

Listed equity securities	13.1, 13.2 & 13.4	<u>52,583,107</u>	<u>59,631,874</u>
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13.1 At fair value - through profit or loss - listed equity securities

2023	2022		2023	2022
Number of shares			Rupees	Rupees
14,000	14,000	Attock Refinery Limited	2,402,820	2,460,920
40,000	40,000	D.G. Khan Cement Company Limited	2,052,000	2,500,000
10,000	10,000	Engro Fertilizer Limited	825,300	886,400
112,500	100,000	Fauji Cement Company Limited	1,323,000	1,417,000
10,000	10,000	Friesland Campina Engro Pakistan Limited	590,300	682,800
12,500	12,500	Fauji Fertilizer Bin Qasim Limited	147,250	253,000
12,500	12,500	Fauji Fertilizer Company Limited	1,230,500	1,377,750
7,000	7,000	Ghandhara Automobiles Limited	254,660	415,660
7,000	7,000	Ghandhara Tyres & Rubber Company Ltd	142,870	238,070
2,000	2,000	Honda Atlas Cars (Pakistan) Limited	184,720	389,460
12,000	12,000	Hi-Tech Lubricants Limited	254,760	475,800
248,500	-	Kot Addu Power Company Limited	5,168,800	-
250,000	250,000	K-Electric Limited	430,000	760,000
10,000	10,000	National Refinery Limited	1,500,000	2,525,700
10,000	10,000	Oil & Gas Development Company Limited	780,000	786,700
1,402,953	1,402,953	Pakistan Stock Exchange Limited	10,381,852	14,352,209
-	950,000	Pak Elektron Limited	-	15,095,500
232,000	60,000	Pakistan Petroleum Limited	13,720,480	4,050,600
-	320,500	Sui Northern Gas Pipelines Limited	-	10,964,305
121,500	-	Trg Pakistan Ltd Class 'A'	11,193,795	-
2,514,453	3,230,453		52,583,107	59,631,874

13.2 These include shares having market value amounting to Rs. 13.9 (2022: Rs. 18.15) Million pledged with PSX for meeting BMC requirement and shares having market value amounting to Rs. 4.03 (2022: Rs. 4.73) Million pledged with NCCPL for meeting ready and future margin requirements.

13.3 There are no securities pledged with financial institutions belonging to company or its customers.

13.4 The market value of each security at the year end is as follows:

	2023	2022
Attock Refinery Limited	171.63	175.78
D.G. Khan Cement Company Limited	51.30	62.50
Engro Fertilizer Limited	82.53	88.64
Fauji Cement Company Limited	11.76	14.17
Friesland Campina Engro Pakistan Limited	59.03	68.28
Fauji Fertilizer Bin Qasim Limited	11.78	20.24
Fauji Fertilizer Company Limited	98.44	110.22
Ghandhara Automobiles Limited	36.38	59.38
Ghandhara Tyres & Rubber Company Limited	20.41	34.01
Honda Atlas Cars (Pakistan) Limited	92.36	194.73
Hi-Tech Lubricants Limited	21.23	39.65
Kot Addu Power Company Limited	20.80	-
K-Electric Limited	1.72	3.04
National Refinery Limited	150.00	252.57
Oil & Gas Development Company Limited	78.00	78.67
Pakistan Stock Exchange Limited	7.40	10.23
Pak Elektron Limited	9.05	15.89
Pakistan Petroleum Limited	59.14	67.51
Sui Northern Gas Pipelines Limited	39.37	34.21
Trg Pakistan Ltd Class 'A'	92.13	-

	<i>Note</i>	<i>2023</i> <i>Rupees</i>	<i>2022</i> <i>Rupees</i>
14 CASH AND BANK BALANCES			
Cash in hand		63,049	36,709
Cash at bank - in current accounts	14.1	67,924,634	67,252,521
		<u>67,987,683</u>	<u>67,289,230</u>

14.1 Bank balance pertains to:

- Clients	8,208,529	6,156,634
- Brokerage house	59,716,105	61,095,887
	<u>67,924,634</u>	<u>67,252,521</u>

15 ISSUED, SUBSCRIBED AND PAID - UP CAPITAL

<i>2023</i>	<i>2022</i>			
<i>Number of shares</i>				
1,500,000	1,500,000	Ordinary shares of Rs. 100 each		
		fully paid in cash	150,000,000	150,000,000
<u>1,500,000</u>	<u>1,500,000</u>		<u>150,000,000</u>	<u>150,000,000</u>

15.1 The share holders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All the shares carry "one vote" per share without any restriction.

	<i>Note</i>	<i>2023</i> <i>Rupees</i>	<i>2022</i> <i>Rupees</i>
16 TRADE PAYABLES			
- <i>Related party (director)</i>			
- Mrs. Mariam Ghulam Muhammad	16.1	49,014	49,488
- <i>Others</i>			
- Clients		8,159,515	6,107,146
		<u>8,208,529</u>	<u>6,156,634</u>

16.1 The maximum aggregate amount outstanding at any time during the year with reference to month end balances:

<i>Name</i>	<i>2023</i> <i>Rupees</i>	<i>2022</i> <i>Rupees</i>
Mrs. Mariam Ghulam Muhammad.	<u>49,480</u>	<u>49,999</u>

17 ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses	1,085,979	603,640
SST payable	58,931	247,012
Other liabilities	492	492
	<u>1,145,402</u>	<u>851,144</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There are no contingencies at the year end (2022: nil).

18.2 Commitments

Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end:

	Note	2023 Rupees	2022 Rupees
For purchase of shares		8,173,110	13,695,522
For sale of shares		9,822,834	2,292,314

19 OPERATING REVENUE

Brokerage commission	19.1	3,055,802	10,134,442
Custody / laga / ncess fee		184,298	1,036,031
Dividend income		745,680	897,481
		3,985,780	12,067,954

19.1 Brokerage commission

Gross commission	3,823,547	11,307,622
Sales tax / federal excise duty	(767,745)	(1,173,180)
	3,055,802	10,134,442

19.1.1 Brokerage commission pertains to

Retail customers	3,823,547	11,307,622
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20 ADMINISTRATIVE EXPENSES

Directors' remuneration	28	1,200,000	1,200,000
Salaries and other benefits		2,858,558	7,749,746
Service and transaction charges		615,117	783,374
Utilities		509,889	453,708
Printing and stationery		57,890	62,005
Fees and subscription		10,000	60,000
Legal and professional charges		677,695	524,228
I.T expenses		1,086,115	979,304
Entertainment		551,714	455,501
Postage and courier		9,830	10,720
Traveling and conveyance		24,790	31,670
Rent, rates and taxes		191,654	301,295
Repairs and maintenance		293,001	241,896
Depreciation - property and equipment	5	368,652	401,352
Depreciation - investment property	6	844,194	937,993
General expenses		671,255	471,941
		9,970,354	14,664,733

	<i>Note</i>	<i>2023 Rupees</i>	<i>2022 Rupees</i>
21 FINANCE COST			
Bank charges		<u>18,134</u>	<u>11,646</u>

22 OTHER CHARGES

Charity & donation	22.1	<u>5,975,245</u>	8,183,545
Audit fee	22.2	<u>762,784</u>	<u>648,000</u>
		<u>6,738,029</u>	<u>8,831,545</u>

22.1 This amount represents food distributed to different needy people, Each receiving food items of less than the limits specified under fifth Schedule.

	<i>Note</i>	<i>2023 Rupees</i>	<i>2022 Rupees</i>
22.2 Audit fee			
<i>Reanda Haroon Zakaria & Company</i>			
- Statutory audit		<u>432,000</u>	432,000
- Certifications		<u>168,264</u>	<u>216,000</u>
		<u>600,264</u>	<u>648,000</u>
<i>PKF FRANTS Chartered Accountants</i>			
- PSX System audit		<u>81,260</u>	-
- NCCPL audit		<u>81,260</u>	-
		<u>762,784</u>	<u>648,000</u>

23 OTHER INCOME

From financial assets

Profit on exposure and BMC deposits	<u>5,660,398</u>	2,320,008
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From non - financial assets

Rental income	<u>1,557,756</u>	1,416,140
	<u>7,218,154</u>	<u>3,736,148</u>

24 TAXATION

Current	24.1	<u>152,401</u>	274,253
Prior		<u>349,403</u>	<u>(4,827,128)</u>
		<u>501,804</u>	<u>(4,552,875)</u>

24.1 Current tax

- Normal		-	-
- Alternate Corporate Tax Section 113C		-	-
- Turnover Tax Section 113		<u>40,501</u>	139,631
- FTR	24.2	<u>111,900</u>	<u>134,622</u>
		<u>152,401</u>	<u>274,253</u>

24.2 FTR

- Tax on dividend	<u>111,900</u>	<u>134,622</u>
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24.3 Income tax returns of the Company have been finalized up to and including the tax year 2021, which is deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

An assessment can only be amended within 5 years from the end of the financial year in which the commissioner has issued or treated to have the original assessment order.

The commissioner of income tax may in any of the previous 6 years select the deemed assessment for audit.

25 PROVISION FOR IMPAIRMENT LOSSES & TREATMENT OF RECEIVABLES

The aging of trade debts as at the statement of financial position date is summarized below: -

	2023		2022	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Balance outstanding				
Past due 1 - 14 days	4,361,690	-	20,203,361	-
Past due 15 - 30 days	8,716,644	-	581,270	-
Past due 31 - 60 days	8,734,075	-	1,486,846	-
Past due 61 - 90 days	284,339	-	449,222	-
365 days or more	5,575,559	-	4,827,575	-
	27,672,307	-	27,548,274	-

25.1 Treatment of receivables

Receivables are recorded on settlement basis of accounting and provision is made based on market practices and past performance.

26 PATTERN OF SHAREHOLDING

Following is the pattern of shareholding as at June 30, 2023 which is same as on June 30, 2022.

Name of shareholders	Number of shares held	Percentage %
Ms. Maria Ghulam Muhammad	1,484,999	99.00%
Other	15,001	1.00%
	1,500,000	100.00%

27 (LOSS) / EARNINGS PER SHARE

- Basic and diluted

	2023 Rupees	2022 Rupees
(Loss) / profit after taxation	(8,285,232)	(27,214,964)
Weighted average number of shares issued up to the end of the year	15,000,000	15,000,000
(Loss) / earnings per share	(0.55)	(1.81)

There is no dilutive effect on the basic (loss) / earnings per share of the Company.

28 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	2023		2022	
	Directors	Chief Executive	Directors	Chief Executive
Managerial remuneration	600,000	600,000	600,000	600,000
Number of person (s)	1	1	1	1

28.1 In addition to above chief executive and director are also allowed trading of shares without commission charges, Company maintained vehicle and reimbursement of various house hold expenses.

29 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

Financial instrument by category	2023		
	At fair value - through profit or loss	Other financial assets	Total
	----- Rupees -----		
Financial assets			
Long term deposits	-	6,096,609	6,096,609
Short term investments	52,583,107	-	52,583,107
Trade receivables	-	27,672,307	27,672,307
Exposure deposits	-	36,300,000	36,300,000
Cash and bank balances	-	67,987,683	67,987,683
	52,583,107	138,056,599	190,639,706

	2022		
	At fair value - through profit or loss	Other financial assets	Total
	----- Rupees -----		
Financial assets			
Long term deposits	-	5,996,609	5,996,609
Short term investments	59,631,874	-	59,631,874
Trade receivables	-	27,548,274	27,548,274
Exposure deposits	-	36,300,000	36,300,000
Cash and bank balances	-	67,289,230	67,289,230
	59,631,874	137,134,113	196,765,987

30 FINANCIAL RISK MANAGEMENT

The Boar of Directors of the Company has overall responsibility for establishment and oversight of the company's risk management framework. The Company has exposure to the following risks from its use of financial instrument:

- Market risk
- Liquidity risk
- Credit risk
- Operational risk

30.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

30.1.1 Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by Rs. nil and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis. Currently, The Company is not exposed to interest rate risk.

30.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

30.1.3 Equity price risk

Equity price risk is that risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for the shares and liquidity in the market. Management of the Company estimates that a 1% increase in overall equity prices in the market with all other factors remaining constant would increase the Company's equity by Rs. 0.60 (2021: Rs. 0.55) Million and a 1% decrease would result in a decrease in the Company's equity by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligation associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

Financial Liabilities

Trade payables, accrued expense and other liabilities

2023	
Carrying Amount	Within one year
----- Rupees -----	
9,295,000	9,295,000
2022	
Carrying Amount	Carrying Amount
----- Rupees -----	
6,760,766	6,760,766

Financial Liabilities

Trade payables, accrued expense and other liabilities

30.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

30.3.1 Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of the financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	2023 Rupees	2022 Rupees
Long term deposits	6,096,609	5,996,609
Short term investments	52,583,107	59,631,874
Trade receivables	27,672,307	27,548,274
Exposure deposits	36,300,000	36,300,000
Bank balances	67,924,634	67,252,521
	<u>190,576,657</u>	<u>196,729,278</u>

30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas.

- 1) Requirements for appropriate segregation of duties between various functions, roles and responsibility;
- 2) Requirements for the reconciliation and monitoring of transactions;
- 3) Compliance with regulatory and other legal requirements;

- 4) Documentation of control and procedures;
- 5) Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- 6) ethical and business standards;
- 7) Risk mitigation, including insurance where this is effective.

Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analysis financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized.

2023				
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
At fair value - through profit or loss				
Listed securities	52,583,107	-	-	52,583,107
2022				
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
At fair value - through profit or loss				
Listed securities	59,631,874	-	-	59,631,874

31 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity.

	<i>Note</i>	<i>2023 Rupees</i>	<i>2022 Rupees</i>
32 CAPITAL ADEQUACY LEVEL			
<i>The Capital adequacy level as required by CDC is calculated as follows:</i>			
Total Assets	32.1	214,764,123	220,703,202
Less: Total liabilities		(9,353,931)	(7,007,778)
Less: Revaluation Reserves (created upon revaluation of Fixed Assets)		-	-
Capital Adequacy Level		205,410,192	213,695,424

32.1 While determining the value of the total assets of the TREC Holder, Notional value of TREC held by such participant as at year ended June 30, 2023 as determined by Pakistan Stock Exchange Limited has been considered.

	<i>2023 Rupees</i>	<i>2022 Rupees</i>
33 CASH AND CASH EQUIVALENTS		
Cash in hand	63,049	36,709
Cash at bank	67,924,634	67,252,521
	67,987,683	67,289,230

34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if any one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the Company and key management personnel.

	<i>2023 Rupees</i>	<i>2022 Rupees</i>
<i>Detail of transactions with related parties during the year is as follows:</i>		
<i>Directors and chief executive officer</i>		
<i>Transactions during the year</i>		
Remuneration to director and chief executive officer	1,200,000	1,200,000
<i>Year end balances</i>		
Trade payable	49,014	49,488
Trade receivable	7,689,604	10,213,571

35 NET CAPITAL BALANCE

35.1 Net Capital Balance requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of specified current assets over current liabilities.

35.2 The Net Capital Balance as required under the Second Schedule of Securities Brokers (Licensing and Operations) Regulations, 2016 read with the SECP guidelines is calculated as follows;

	Note	2023 Rupees
<u>CURRENT ASSETS</u>		
Cash in hand		63,049
Cash at bank		
- Pertaining to brokerage house		59,716,105
- Pertaining to clients		8,208,529
Total bank balances	35.3	67,924,634
Deposit against exposure	35.4	36,300,000
Trade Receivables		
Book value		27,672,307
Less: over due for more than 14 days		(23,310,617)
Balance generated within 14 days and / or not yet due	35.5	4,361,690
Securities held on behalf of client where payment has not been received in 14 days	35.6	22,579,192
Investment in listed securities		
Securities on the exposure list marked to market		38,678,955
Less: 15% discount		(5,801,843)
	35.7	32,877,112
Total Current Assets	A	164,105,677
<u>CURRENT LIABILITIES</u>		
Trade Payables		
Book value		8,208,529
Less: over due for more than 30 days		(7,574,465)
	35.8	634,064
Other liabilities	35.9	8,719,867
Total Current Liabilities	B	9,353,931
NET CAPITAL BALANCE	A minus B	154,751,746

35.3 Cash at bank

- Pertaining to brokerage house

Current account

59,716,105

- Pertaining to clients

Current account

35.3.1

8,208,529

35.3.1 Restricting it to trade payables:

Trade payable

Current account

35.4 Deposit against exposure

Ready market exposure

17,500,000

Future market exposure and loss

18,800,000

36,300,000

35.5 Trade receivables

This amount is based on 14 days net capital aging of trade receivables.

35.6 Securities held on behalf of clients where payment has not been received in 14 days

The amount represents lower of securities held and receivable above 14 days from clients.

35.7 Investment in listed securities

Listed equity securities

52,583,107

Less: shares pledged with PSX for meeting BMC requirement

(13,904,152)

Amount eligible for discount

38,678,955

Less: 15% discount

(5,801,843)

32,877,112

35.8 Trade payable

This amount is based on 30 days net capital aging of trade payables.

35.9 Other liabilities

Trade payable over due for more than 30 days

7,574,465

Accrued expenses

1,085,979

SST payable

58,931

Other liabilities

492

8,719,867

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	ASSETS			
1.1	Property & Equipment	2,054,244	2,054,244	-
1.2	Intangible Assets	2,500,000	2,500,000	-
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.	-	-	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher. (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)	52,583,107	19,752,081	32,831,026
	ii. If unlisted, 100% of carrying value.	-	-	-
1.6	Investment in subsidiaries			
	100% of net value.	-	-	-
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.			
	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	6,096,609	6,096,609	-
1.9	Margin deposits with exchange and clearing house.	36,300,000	-	36,300,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	3,675,276	3,675,276	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	-	-	-
	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. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.15	Advances and receivables other than trade Receivables;			
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	-	-	-
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation.	-	-	-
	(iii) In all other cases 100% of net value	-	-	-
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
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. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii.) In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii.) In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	48,240	-	48,240
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	19,934,463	17,919,226	17,919,226
	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. vi. Lower of net balance sheet value or value determined through adjustments	7,689,604	2,655,408	5,034,196
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	59,716,105	-	59,716,105
	ii. Bank balance-customer accounts	8,208,529	-	8,208,529
	iii. Cash in hand	63,049	-	63,049
1.19	Subscription money against investment in IPO / offer for sale (asset)			

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	(ii) In case of 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	198,869,226	54,652,844	160,120,371

2 LIABILITIES

2.1	Trade Payables	-	-	-
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	8,159,515	-	8,159,515
2.2	Current Liabilities	-	-	-
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	1,194,416	-	1,194,416
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
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:	-	-	-
2.5	Advance against shares for Increase in Capital of Securities broker:	-	-	-
	100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital	-	-	-
	b. Board of Directors of the company has approved the increase in capital	-	-	-
	c. Relevant Regulatory approvals have been obtained	-	-	-
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.	-	-	-
	e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
2.6	Total Liabilities	9,353,931	-	9,353,931

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
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.	-	-	-
3.2	Concentration in securites lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed.	-	-	-
3.3	Net underwriting Commitments			
	(a) in the case of right issue: if the market value of 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.	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment			
	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.	-	-	-
3.8	Concentrated proprietary positions			
	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.	-	686,024	686,024

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.9	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts.	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	Short sell positions			
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	686,024	686,024
		189,515,295	53,966,820	150,080,416

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	160,120,371
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(9,353,931)
(iii) Less: Total ranking liabilities (series number 3.11)	(686,024)
	150,080,416

37 NUMBER OF EMPLOYEES

The total number of employees including dealers at year end were 8 (2022: 18) and average number of employees including dealers during the year was 9 (2022: 18).

38 DATE OF AUTHORIZATION TO ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on

26 SEP 2023

39 GENERAL

Figures have been rounded off to the nearest rupee.




Chief Executive


Director