

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2023**

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Aba Ali Habib Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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, 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.

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

Management is responsible for the other information. The other information comprises the directors' report but 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 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.

**Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Azeem H. Siddiqui – FCA.**

  
Chartered Accountants

Karachi

Dated : October 05, 2023

UDIN : AR202310232bKAWXZ8Ei

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Notes	2023 ----- (Rupees) -----	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Share Capital</b>			
20,000,000 (2023: 20,000,000) ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	5	200,000,000	200,000,000
Unappropriated profit		853,084,507	767,704,283
		1,053,084,507	967,704,283
<b>Non Current Liability</b>			
Deferred taxation	6	187,362	269,524
<b>Current Liabilities</b>			
Trade and other payables	7	57,959,583	89,411,764
Short term borrowings	8	131,509,148	97,422,500
Accrued markup		3,433,824	3,682,259
		192,902,556	190,516,523
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,246,174,425</b>	<b>1,158,490,330</b>
<b>Contingencies and commitments</b>	9	-	-
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	10	7,111,773	8,889,716
Intangible assets	11	2,500,000	2,500,000
Long term deposits	12	2,185,000	2,185,000
Long term investment	13	8,439,750	8,439,750
		20,236,523	22,014,466
<b>Current Assets</b>			
Trade debts - considered good	14	183,209,486	49,339,751
Receivable against margin financing	15	14,274,503	34,967,127
Receivable against margin trading	16	55,921,998	290,978,296
Short term investments	17	784,662,914	571,455,772
Short term deposits	18	5,739,116	3,863,027
Advances and other receivables	19	8,249,396	3,468,811
Advance tax - net of provision		127,675,768	126,012,678
Cash and bank balances	20	46,204,723	56,390,402
		1,225,937,902	1,136,475,864
<b>TOTAL ASSETS</b>		<b>1,246,174,425</b>	<b>1,158,490,330</b>

The annexed notes form an integral part of these financial statements.

47.

  
Chief Executive

  
Director

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- (Rupees) -----	2022 -----
Operating revenue	21	94,920,725	117,018,972
Capital gain on sale of investments		45,537,553	77,667,520
Net change in unrealized Gain of investments		29,308,346	(113,199,160)
		<u>169,766,624</u>	<u>81,487,332</u>
Administrative expenses	22	(64,105,125)	(90,803,522)
Operating profit/(loss)		<u>105,661,499</u>	<u>(9,316,190)</u>
Other income	23	1,733,812	3,206,169
		<u>107,395,311</u>	<u>(6,110,021)</u>
Finance costs	24	(18,642,610)	(12,259,467)
Profit/(loss) before taxation		<u>88,752,701</u>	<u>(18,369,488)</u>
Taxation	25	(3,372,477)	(415,745)
Profit/(Loss) after taxation		<u><u>85,380,224</u></u>	<u><u>(18,785,233)</u></u>
Earnings/(Loss) per share - basic and diluted	26	<u><u>4.27</u></u>	<u><u>(0.94)</u></u>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- (Rupees) -----	
Profit/(loss) after taxation	85,380,224	(18,785,233)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b><u>85,380,224</u></b>	<b><u>(18,785,233)</u></b>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director



**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	88,752,701	(18,369,488)
<b>Adjustments for :</b>		
Depreciation	1,777,943	2,222,429
Capital gain on sale of investment	(45,537,553)	(77,667,520)
Net change in unrealize loss on investment	(29,308,346)	113,199,160
Dividend income	(24,561,789)	(8,915,370)
Finance income	(987,400)	(2,298,442)
Finance cost	18,167,014	11,253,944
	(80,450,131)	37,794,201
<b>Cash generated from operating activities before working capital changes</b>	<b>8,302,570</b>	<b>19,424,714</b>
<b>(Decrease) /Increase in current assets:</b>		
Trade debts - considered good	(133,869,735)	83,334,897
Receivable against margin financing	20,692,625	16,141,630
Receivable against margin trading	235,056,297	(23,635,357)
Advances and other receivables	(4,780,584)	(1,231,719)
Short term deposits	(1,876,089)	82,833,937
	(31,452,181)	(125,792,880)
<b>(Decrease) in current liabilities:</b>		
Trade and other payables	83,770,334	31,650,508
Finance cost paid	(18,415,447)	(13,452,349)
Taxes paid	(5,117,730)	(2,540,108)
<b>Net cash generated from/(used in) operating activities</b>	<b>68,539,727</b>	<b>35,082,764</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short term investment - net	(138,361,243)	(140,821,875)
Dividend income	24,561,789	9,244,780
Finance income	987,400	2,298,442
<b>Net cash (used in) investing activities</b>	<b>(112,812,053)</b>	<b>(129,278,654)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings	34,086,648	60,250,000
<b>Net cash generated from financing activities</b>	<b>34,086,648</b>	<b>60,250,000</b>
<b>Net (decrease) in cash and cash equivalents during the year</b>	<b>(10,185,679)</b>	<b>(33,945,890)</b>
Cash and cash equivalents at the beginning of the year	56,390,402	90,336,292
<b>Cash and cash equivalents at the end of the year</b>	<b>46,204,723</b>	<b>56,390,402</b>

The annexed notes form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
Balance as at June 30, 2021	200,000,000	786,489,516	986,489,516
Loss after taxation	-	(18,785,233)	(18,785,233)
Other comprehensive income	-	-	-
Total Comprehensive loss for the year ended June 30, 2022	-	(18,785,233)	(18,785,233)
<b>Balance as at June 30, 2022</b>	<b>200,000,000</b>	<b>767,704,283</b>	<b>967,704,283</b>
Profit after taxation	-	85,380,224	85,380,224
Other comprehensive income	-	-	-
Total Comprehensive loss for the year ended June 30, 2023	-	85,380,224	85,380,224
<b>Balance as at 30 June, 2023</b>	<b>200,000,000</b>	<b>853,084,507</b>	<b>1,053,084,507</b>

The annexed notes form an integral part of these financial statements.

  
 Chief Executive

  
 Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Aba Ali Habib Securities (Private) Limited The company was incorporated on 8th May 1996 as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).

The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and member of Pakistan Mercantile Exchange Limited (PMEX). The principal activities of the Company are share brokerage and commodity brokerage services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the Company is located at Suite No 505, 5th Floor Business Plaza, Mumtaz Hussan Road off I.I Chundrigarh Road Karachi, Pakistan. The Company has two branches in Karachi Pakistan which are as follows:

**Branch addresses**

Room No: 403, 4th Floor Stock Exchange Building, Stock Exchange Road, Karachi.

Room No: 419, 4th Floor Stock Exchange Building, Stock Exchange Road, Karachi.

**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 applicable in Pakistan comprise of:

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

Where provisions of and of directives issued under the Companies Act, 2017 differ with the requirements of IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

**2.2.1** These financial statements have been prepared under historical cost convention except, for short term investment in equity securities which are carried at fair value.

**2.2.2** These financial statements have been prepared on settlement date basis.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

**2.4 Significant accounting estimates and judgements**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the following:

- (a) Determination of the residual values and useful lives of property and equipments and intangible assets (refer note 4.1, 4.2 & 10.1 )
- (b) Trade debts (refer note 4.9)
- (c) Current tax and deferred tax (refer note 4.10)
- (d) Provisions (refer note 4.12)

### 3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

- 3.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.
- 3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2024
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IFRS 17 Insurance Contracts (Amendments)	January 1, 2023
IAS 7 Statement of Cash Flows (Amendments)	January 1, 2023
IFRS 7 Financial Instruments	January 1, 2024
IFRS 16 Leases [Amendments]	January 1, 2024

- 3.3 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

- 3.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1 First-time Adoption of International Financial Reporting Standards  
 IFRS 17 Insurance Contracts  
 IFRIC 12 Service Concession Arrangement

### 4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.



#### 4.1 Property and equipment

##### Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 10. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

##### Right-of-use asset

The right-of-use asset is initially measured based on the initial measurement of lease liability, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. If ownership of the leased asset transfer to the company at the end of the year or the cost reflect the exercise of purchase option.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. If the ownership of leased assets transfer to company at the end of year or the cost reflects the exercise of purchase option, depreciation is calculated using the estimated useful life of asset.

##### Lease liability

At the commencement date of lease company recognizes lease liabilities measured at the present value of lease payment to be made over the lease term. The lease payments include lease payments(substance fixed payments) less any lease incentive receivables, variable lease payment that depend on an index or rate and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the company and payment of penalties for terminating the lease, if the lease term reflect the company exercising the option to terminate variable lease payments that do not depend on an index and rate are recognized as expense ( unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs).

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liability increased to reflect the accretion of interest and reduce for the lease payment made. In addition the carrying amount of lease liability remeasured if there is modification , a change in the lease term , lease payment, or change in the assessment of an option to purchase the underlying asset.

#### 4.2 Intangible assets

This represents Trading Right Entitlement Certificate of Pakistan Stock Exchange.

TRE Certificate is considered to have indefinite useful life and stated at revalued amount. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and when carrying value exceeds estimated recoverable amount, these are written to their estimated recoverable amount.

#### 4.3 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

#### 4.4 Financial assets

##### 4.4.1 Classification and initial measurement

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

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

(a) *Financial assets measured at amortized cost*

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

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

(b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

- (a) 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; or
- (b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

uy:

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.

Such financial assets are initially measured at fair value.

#### 4.4.2 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 profit and loss account.

(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 (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). 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 profit and loss account.

#### 4.4.3 Impairment

The Company's only financial asset that is subject to the impairment requirements of IFRS 9 is trade receivables.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company measures expected credit losses on trade receivables 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 and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

#### 4.4.4 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 Modaraba has transferred substantially all risks and rewards of ownership.

#### 4.5 Financial liabilities

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

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.

#### 4.6 Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

#### 4.7 Long term deposits

These are stated at cost which represents the fair value of consideration given.

#### 4.8 Trade debts

Trade and other receivables are recognized at fair value and subsequently measured at amortised cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade and other receivables considered irrevocable are written off.

#### 4.10 Taxation

##### *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 balance sheet date, and any adjustment to tax payable in respect of previous years.

##### *Deferred*

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

#### 4.10 Revenue recognition

Revenue is recognized to the extent that it 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. Revenue is recognized on the following basis:

- Brokerage income is recognized as and when such services are provided.
- Interest income is recognized on a time proportion basis that takes into account the effective yield.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized capital Gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.
- All other incomes are recognized on an accrual basis.



#### **4.11 Expenses**

All expenses are recognized in the profit and loss account on an accrual basis.

#### **4.12 Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, 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. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

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.

#### **4.13 Creditors, accrued and other liabilities**

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

#### **4.14 Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the financial statement only when company has legally enforceable right to offset and the company intends to either settle on net basis, or to realize the asset and to settle the liability simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by accounting and reporting standards as applicable in Pakistan.

#### **4.15 Dividend**

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

#### **4.16 Cash and cash equivalents**

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

#### **4.17 Earning per share**

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

7.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

2023	2022		65,000,000	65,000,000
----- (No. of shares) -----				
6,500,000	6,500,000	Issued against cash		
13,500,000	13,500,000	Issued as bonus shares	135,000,000	135,000,000
<u>20,000,000</u>	<u>20,000,000</u>		<u>200,000,000</u>	<u>200,000,000</u>

5.1 Pattern of shareholding of the company.

	Name of Shareholder	No of Shares	Percentage of Holding	No of Shares	Percentage of Holding
		JUNE 30, 2023		June 30, 2022	
i	Zahid Ali Habib	200	0.0010%	200	0.0010%
ii	Aba Ali Habib	19,999,470	99.9974%	19,999,470	99.9974%
iii	Abid Ali Habib	200	0.0010%	200	0.0010%
iv	Aayman Zahid	10	0.0001%	10	0.0001%
v	Muhammad Munir	10	0.0001%	10	0.0001%
vi	Aysha Abid	10	0.0001%	10	0.0001%
vii	Shahid Ali Habib	100	0.0005%	100	0.0005%
		<b>20,000,000</b>	<b>100%</b>	<b>20,000,000</b>	<b>100%</b>

5.2 There is only one class of shares and all shares rank equally and there are no arrangements among shareholders in respect of voting rights, board resolution. Right of first refusal and block voting.

6 DEFERRED TAXATION

Deferred tax liability in respect of:

- Capital loss on short term investments
- Other temporary differences

-	-
<u>187,362</u>	<u>269,524</u>
<u>187,362</u>	<u>269,524</u>

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

Deferred tax asset amounting to Rs.14.14 million has not been recognized in respect of the unrealized and realized capital losses on short term investments because it is not probable that future capital gain on securities will be available against which the company can use the benefits therefrom.

6.2 DEFERRED TAX IN RESPECT OF OTHER TEMPORARY DIFFERENCES

Deferred tax liabilities recognized	6.2.1	924,581	686,204
Deferred tax asset recognized	6.2.2	(278,506)	(416,680)
		<u>646,075</u>	<u>269,524</u>

6.2.1 Deferred tax liabilities

Accelerated depreciation		307,554	269,524
Long term investmen		249,395	249,395
Advances and Other receivables		<u>367,633</u>	<u>167,285</u>
		<u>924,581</u>	<u>686,204</u>

6.2.2 Deferred tax assets

Provision for doubtful debts and other receivables		278,506	296,432
Future profit and cash margin withheld		-	120,248
		<u>278,506</u>	<u>416,680</u>

	Note	2023 ----- (Rupees) -----	2022
<b>7 TRADE AND OTHER PAYABLES</b>			
Trade payables	7.1 & 7.2	46,007,145	56,606,637
Future profit and cash margin withheld		6,612,348	27,438,449
Sales tax payable		191,933	161,533
Withholding tax payable		1,625,629	1,147,784
CDC and NCSS payable		3,856	3,856
Accrued expenses		901,213	1,278,803
Other payables		2,617,460	2,774,704
		<u>57,959,583</u>	<u>89,411,764</u>

7.1 This includes amounting to Rs. 4,928 pertaining to related party (2022: 281,600)

7.2 This includes customer asset held in the central depository system.

	June 30, 2023		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	<u>226,482,541</u>	<u>4,090,201,193</u>	<u>219,986,081</u>	<u>4,805,032,482</u>

#### 8 SHORT TERM BORROWINGS - Secured

##### Running finance :

JS Bank Limited	227,061	3,237,416
Soneri Bank Limited	125,351,891	92,987,126
Bank Alfalah Limited	3,902,782	98,586
Bank Al Habib Limited	2,027,414	1,099,372
	<u>131,509,148</u>	<u>97,422,500</u>

8.1 Short term running finance facilities available to the Company is Rs. 850 million (2022: Rs. 1,000 million). The company has obtained financing from JS Bank Limited Rs. 300 million, Soneri Bank Limited Rs. 150 million, Bank Alfalah Limited Rs.200 million and Bank Al Habib Limited Rs.200 million having expiry on 30 September, 2023, 31 May, 2024, 30 April, 2024 and 31 October, 2026 respectively which is secured against lien over shares listed at Pakistan Stock Exchange Limited. The facilities obtained from JS Bank Limited carry markup rate at 3 month average KIBOR+2%(2022: 1 month average KIBOR+2%), Soneri Bank Limited carry markup rate at 3 month average KIBOR+1.5%(2022:3 month average KIBOR+1.5%), Bank Alfalah Limited carry markup rate at 3 month average KIBOR+1.5% (2022:3 month average KIBOR+1.5%) and Bank Al Habib Limited carry markup rate at 1 month average KIBOR+1.5%(1 month average KIBOR+1.5%).

8.2 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2023 amounted to Rs. 422.88 million (2022: Rs. 518.67 million). Total value of securities pledged with financial institutions, indicating separately securities belonging to customers, is as under:

	June 30, 2023		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	3,307,156	158,602,053	6,996,965	288,091,797
House	6,822,500	264,278,200	4,278,000	230,583,005
Total	<u>10,129,656</u>	<u>422,880,253</u>	<u>11,274,965</u>	<u>518,674,802</u>

8.3 The client securities comprise of directors securities pledged with banks on their mandate.

#### 9 CONTINGENCIES AND COMMITMENTS

##### 9.1 Contingencies

There are no contingencies as at June 30, 2023 (2022: Nil).

##### 9.2 Commitments

JS Bank Limited	9.2.1	<u>25,000,000</u>	<u>45,000,000</u>
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9.2.1 A bank guarantee of Rs. 25 million (2022: Rs. 45 million) has been provided to National Clearing Company of Pakistan Limited for deposit of Margin/Exposure to National Clearing Company of Pakistan Limited against the security of pledge of shares and personal guarantee of director Mr. Aba Ali Habib.

*Signature*

	Note	2023 ----- (Rupees) -----	2022 ----- (Rupees) -----
10 PROPERTY AND EQUIPMENT	10.1	<u>7,111,773</u>	<u>8,889,716</u>

10.1

	2023			
	Furniture and fixtures	Motor vehicle	Computer and accessories	Total
	----- Rupees -----			
<b>COST</b>				
As at July 1, 2022	200,000	17,249,250	100,000	17,549,250
Additions during the year	-	-	-	-
Disposal during the year	-	-	-	-
As at 30 June, 2023	<u>200,000</u>	<u>17,249,250</u>	<u>100,000</u>	<u>17,549,250</u>
<b>ACCUMULATED DEPRECIATION</b>				
As at July 1, 2022	191,754	8,371,903	95,877	8,659,534
For the year	1,649	1,775,469	825	1,777,943
On disposals	-	-	-	-
As at 30 June, 2023	<u>193,403</u>	<u>10,147,373</u>	<u>96,702</u>	<u>10,437,477</u>
Written down value as at June 30, 2023	<u>6,597</u>	<u>7,101,877</u>	<u>3,298</u>	<u>7,111,773</u>
	2022			
	Furniture and fixtures	Motor vehicle	Computer and accessories	Total
	----- Rupees -----			
<b>COST</b>				
As at July 1, 2021	200,000	17,249,250	100,000	17,549,250
Additions during the year	-	-	-	-
Disposal during the year	-	-	-	-
As at June 30, 2022	<u>200,000</u>	<u>17,249,250</u>	<u>100,000</u>	<u>17,549,250</u>
<b>ACCUMULATED DEPRECIATION</b>				
As at July 1, 2021	189,692	6,152,567	94,846	6,437,105
For the year	2,062	2,219,337	1,031	2,222,429
On disposals	-	-	-	-
As at June 30, 2022	<u>191,754</u>	<u>8,371,903</u>	<u>95,877</u>	<u>8,659,534</u>
Written down value as at June 30, 2022	<u>8,246</u>	<u>8,877,347</u>	<u>4,123</u>	<u>8,889,716</u>

11 INTANGIBLE ASSETS

Trading Right Entitlement Certificate		<u>2,500,000</u>	<u>2,500,000</u>
		<u>2,500,000</u>	<u>2,500,000</u>

11.1 This represents TRE Certificate acquired on surrender of Stock Exchange Membership Card.

11.2 PSX vide notice no. PSX/N - 7178 dated 10 November, 2017 has revised the notional value of TRE Certificate from Rs. 5 million to 2.5 million. According to the Stock Exchange (Corporatisation, demutualization and integration) Act 2012, the TRE Certificate may only be transferred once to the company intending to carry out shares brokerage business in the manner to be prescribed.

	Note	2023 ----- (Rupees) -----	2022 ----- (Rupees) -----
12 LONG TERM DEPOSITS			
Clearing house deposit		200,000	200,000
Pakistan Stock Exchange		10,000	10,000
Booth deposit		75,000	75,000
SLB exposure		100,000	100,000
National Clearing Company of Pakistan Limited	12.1	1,200,000	1,200,000
Pakistan Mercantile Exchange	12.2	500,000	500,000
Central Depository Company		100,000	100,000
		<u>2,185,000</u>	<u>2,185,000</u>

12.1 This represent the basic deposit to access system of National Clearing Company Limited.

12.2 The basic depoist with Pakistan Mercantile Exchange Limited for exposure in commodity market.

**13 LONG TERM INVESTMENTS**

Unquoted Equity Securities **13.1** 8,439,750 8,439,750

13.1 This represents 843,975 share of LSE Financial Service Limited purchased at par value of Rs. 10 and having fair value on equity method basis is Rs. 6.65 per share.

**14 TRADE DEBTS - Considered Good**

Trade debts- considered good **14.1 & 14.3** 183,209,486 49,339,751  
 Less: Provision for expected credit losses - -  
183,209,486 49,339,751

14.1 This includes receivable from related parties amounting to Rs. 21.008 million (2022:Rs 39.59 million). The maximum aggregate outstanding during the year from such parties (with reference to month end balances) amounted to Rs. 21.008 million (2022: Rs. 37.55 million)

14.1.1 The aging of receivable from related parties are as follows:

Upto 3 months	20,966,252	39,590,236
3 to 6 months	42,600	-
6 to 1 year	-	-
More than 1 year	-	-
	<u>21,008,852</u>	<u>39,590,236</u>

**14.2 Aging analysis**

Within 5 days	<u>3,227,621</u>	<u>7,076,948</u>
Above 5 days	<u>179,981,865</u>	<u>42,262,802</u>
	<u>183,209,486</u>	<u>49,339,751</u>

14.3 The company holds capital securities having fair value of Rs . 398.39 million (2022: Rs 401.34 million) owned by its clients including related parties, as collaterals against trade debts.

**15 RECEIVABLE AGAINST MARGIN FINANCING**

Receivable against margin financing **15.1** 14,274,503 34,967,127

15.1 Margin financing facility is provided to client on markup basis with ceiling upto 3M KIBOR + 1% to 8% per annum. For the year average MF rate has been . (2022: 3M KIBOR + 1% to 5% per annum).

15.2 The value of marketable securities held against receivable against margin financing by the Company amounted to Rs. 16.5 million (2022: Rs. 42.13 Million)

Note	2023	2022
	----- (Rupees) -----	

**16 RECEIVABLE AGAINST MARGIN TRADING**

Receivable against margin trading **16.1** 55,921,998 290,978,296

16.1 Margin trading facility is provided to client on markup basis with ceiling upto 3M KIBOR + 1% to 3% per annum. For the year average MF rate has been . (2022: 3M KIBOR + 1% to 5% per annum).

16.2 The value of marketable securities held against receivable against margin trading by the Company amounted to Rs. 68.12 million (2022: Rs. 350.47 Million)

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17 SHORT TERM INVESTMENTS

At fair value through profit or loss

Quoted equity securities at fair value through Profit and Loss	17.1	784,662,914	571,455,692
Unquoted equity securities	17.3	-	80
		<u>784,662,914</u>	<u>571,455,772</u>

17.1 This includes hedging amount of Rs.376.6 million (2022: Rs Nil)

17.2 Fair value of shares pledged with PSX and NCCPL is as follow;

	June 30, 2023		June 30, 2022	
	Number of	Amount	Number of	Amount
Client	952,000	67,416,540	-	-
Brokerage House	<u>3,082,962</u>	<u>146,286,579</u>	<u>3,422,962</u>	<u>168,419,381</u>
Total	<u>4,034,962</u>	<u>213,703,119</u>	<u>3,422,962</u>	<u>168,419,381</u>

17.3 Unquoted securities includes Rs. Nil (2022: Rs. 80 shares of Security Leasing Corporation Limited).

17.4 1,614,962 shares of PSX, 50,000 shares of System, 22,500 shares of TRG are pledged against Base Minimum Capital (BMC) refer note 32.1

18 SHORT TERM DEPOSITS

MTS and DFC deposit with NCCPL	18.1	<u>5,739,116</u>	<u>3,863,027</u>
--------------------------------	------	------------------	------------------

18.1 This represents amounts of deposits held at the year end against exposure arising out of trading in securities in accordance with the regulation of PSX and NCCPL, respectively. This amount also includes deposit against MTS exposure of Rs. 0.414 million.

19 ADVANCES AND OTHER RECEIVABLES

Loan and advance to staff	19.1	7,352,657	3,345,706
Other receivables		<u>896,738</u>	<u>123,106</u>
		<u>8,249,396</u>	<u>3,468,811</u>

19.1 This represents personal interest free loan and advance provided to employees who have completed at least one year of service with the Company. These are recoverable over a period of one years and are secured against personal guarantee of cheque.

20 CASH AND BANK BALANCES

Cash in hand		39,536	10,077
Cash at banks:			
- Current accounts			
client	20.1	45,815,074	55,885,039
house		59,879	50,000
- Saving accounts	20.2	<u>290,234</u>	<u>445,286</u>
		<u>46,204,723</u>	<u>56,390,402</u>

20.1 This include Rs. 45.81 million (2022 Rs. 55.88 million) pertaining to clients.

20.2 Interest rate on saving accounts ranges from 12% to 18% (2022: from 6% - 12%) per annum.

21 OPERATING REVENUE

Brokerage income	21.1	33,306,571	51,464,036
Income from MFS & MTS		37,052,364	55,587,346
IPO and book building commission		-	1,052,219
Dividend income		<u>24,561,789</u>	<u>8,915,370</u>
		<u>94,920,725</u>	<u>117,018,972</u>

21.1 This include brokerage revenue earned from related parties amounting to Rs.779,185 (2022: 1,249,679)

	Note	2023 ----- (Rupees) -----	2022
<b>22 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries, commission and allowances		32,798,109	38,829,699
Electricity charges		2,088,393	3,378,687
Booth expense		933,400	1,296,096
Laga expenses		8,833,599	23,919,551
CDC charges		2,022,665	2,678,570
Travelling expenses		484,414	297,822
Office repair and maintenance		934,384	1,307,053
Legal and professional charges		942,890	1,297,402
Auditors' remuneration	22.1	350,000	350,000
Telephone and mobile		619,142	1,047,880
Depreciation	10.1	1,777,943	2,222,429
Printing and stationery		137,260	138,476
Computer hardware and software fees		979,850	434,621
Entertainment expenses		874,001	694,796
Vehicle running expense		619,887	291,876
IT service charges		4,408,632	4,600,498
Miscellaneous and general expenses		566,689	727,444
Donations	22.2	4,336,445	4,345,504
Courier and postage		9,722	45,117
Research and marketing		387,700	2,900,000
		<u>64,105,125</u>	<u>90,803,522</u>
<b>22.1 Auditors' remuneration</b>			
Audit fee		150,000	150,000
Other certifications		200,000	200,000
		<u>350,000</u>	<u>350,000</u>
22.2	Company has paid donation to different approved instiution during the year and director has no intrest there in.		
22.3	The directors have provided permises free of cost for three years to the company.		
<b>23 OTHER INCOME</b>			
Profit on saving accounts		987,400	2,298,442
Profit on exposure deposit		746,412	907,728
		<u>1,733,812</u>	<u>3,206,169</u>
<b>24 FINANCE COSTS</b>			
Bank charges		475,596	1,005,523
Mark-up on running finance		18,167,014	11,253,944
		<u>18,642,610</u>	<u>12,259,467</u>
<b>25 TAXATION</b>			
Current tax		4,494,020	1,818,231
Prior years adjustment		(1,039,380)	(1,384,941)
		3,454,639	433,290
Deferred income		(82,162)	(17,545)
		<u>3,372,477</u>	<u>415,745</u>
<b>25.1 Relationship between income tax expense and accounting profit</b>			
Income tax expense		3,372,477	415,745
Accounting profit before income tax expense		88,752,701	(18,369,488)
Tax at the applicable tax rate of 29% (2022:29%)		25,738,283	(5,327,151)
Income taxed at reduced rates on dividend, MFS & MTS and gain on disposal of investment		(21,599,296)	7,111,073
Income taxed at reduced rates on IPO and book building commission			(178,877)
Income taxed at reduced rates on Bank Profits		(242,734)	(448,864)
Tax effect of inadmissible expense		515,604	644,504
Tax effect of prior year tax charge		(1,039,380)	(1,384,941)
		<u>3,372,477</u>	<u>415,745</u>
25.2	Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2022. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.		

	2023	2022
	----- (Rupees) -----	
<b>26 (LOSS)/EARNING PER SHARE - BASIC AND DILUTED</b>		
Profit/(loss) after taxation for the year (Rupees)	<u>85,380,224</u>	<u>(18,785,233)</u>
Weighted average number of ordinary shares (Number)	<u>20,000,000</u>	<u>20,000,000</u>
Earnings/(loss) per share - basic and diluted (Rupees)	<u>4.27</u>	<u>(0.94)</u>
<b>27 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>46,204,723</u>	<u>56,390,402</u>
	<u>46,204,723</u>	<u>56,390,402</u>

**28 REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS**

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive and directors of the Company are given below:

	2023		2022	
	Chief Executive	Director	Chief Executive	Directors
	Rupees			
Basic	1,200,000	-	600,000	600,000
Conveyance	619,887	-	560,000	500,000
Utility	-	-	851,358	761,358
House rent allowance	-	-	800,000	800,000
Total	<u>1,819,887</u>	<u>-</u>	<u>2,811,358</u>	<u>2,661,358</u>
No of person(s)	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

**28.1** The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company policy.

**28.2** No fee is paid to directors for meeting attended by them

**29 RELATED PARTY TRANSACTIONS AND BALANCES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes major shareholders, associated companies with or without common directors, retirement benefit funds and directors and key management personnel and their close family members. Amounts due from/to related parties, and remuneration of directors and executives are disclosed in the relevant notes.

	2023	2022
	----- (Rupees) -----	
<b>Associated Company</b>		
<b>Abid Ali Habib Securities Private Limited</b>		
Transactions with related parties		
Shares purchased during the year	172,528,438	281,152,710
Shares sold during the year	(172,104,362)	(287,428,827)
<b>Abid Ali Habib Securities Private Limited</b>		
Amount paid during the year	-	74,423,991
<b>Zahid Ali Habib-CEO/Director</b>		
Amount received during the year	125,675,252	159,607,603
Amount paid during the year	125,669,174	159,607,603
<b>Aba Ali Habib-Director</b>		
Amount received during the year	44,337,920	131,049,251
Amount paid during the year	61,869,932	131,049,251



	2023	2022
	----- (Rupees) -----	
<b>Abid Ali Habib-Director</b>		
Amount received during the year	2,597,224	7,500,000
Amount paid during the year	2,080,750	7,500,000
<b>Commission earned from related parties</b>	779,185	1,249,679
<b>Balances with related parties of trading accounts</b>		
Abid Ali Habib Securities (Private) Ltd	424,076	2,043,539
Aba Ali habib	20,014,685	37,265,097
Zahid Ali Habib	6,078	-
Abid Ali Habib	516,474	-
Ayesha Abid	39,805	-
Aayman Zahid	2,795	-
Farida Haji karim		800

### 30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

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

#### 30.1 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 the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

##### Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits accordingly 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 risk 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 salted / paid for upon delivery.

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

	Note	2023 ----- (Rupees) -----	2022 -----
Long term deposits	12	2,185,000	2,185,000
Long term investment	13	8,439,750	8,439,750
Trade debts - considered good	14	183,209,486	49,339,751
Receivable against margin financing	15	14,274,503	34,967,127
Receivable against margin trading	16	55,921,998	290,978,296
Short term Investment	17	784,662,914	571,455,772
Short term deposits	18	5,739,116	3,863,027
Advances and other receivables	19	8,249,396	3,468,811
Bank balances	20	46,165,187	56,380,325
		<u>1,108,847,349</u>	<u>1,021,077,859</u>

All balances are denominated in local currency.

#### Bank Balances

The analysis below summarizes the credit quality of the Company's bank balances (including profit receivables) as at June 30, 2023 and June 30, 2022:

Bank balances	<u>46,165,187</u>	<u>56,380,325</u>
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The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to BBB assigned by reputable credit rating agencies.

### 30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties 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 positions 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:

	2023					
	Carrying amount	Contractual cash flows		Six to twelve months	Two to five years	More than five years
		Six months or less	Rupees			
<b>Financial liabilities</b>						
Trade and other payables	57,959,583	57,959,583	57,959,583	-	-	-
Short term borrowing	131,509,148	131,509,148	131,509,148	-	-	-
Accrued mark-up	3,433,824	3,433,824	3,433,824	-	-	-
	<u>192,902,556</u>	<u>192,902,556</u>	<u>192,902,556</u>	-	-	-
	2022					
	Carrying amount	Contractual cash flows		Six to twelve months	Two to five years	More than five years
		Six months or less	Rupees			
<b>Financial Liabilities</b>						
Trade and other payables	89,411,764	89,411,764	89,411,764	-	-	-
Short Term Borrowing	97,422,500	97,422,500	97,422,500	-	-	-
Accrued mark-up	3,682,259	3,682,259	3,682,259	-	-	-
	<u>190,516,523</u>	<u>190,516,523</u>	<u>190,516,523</u>	-	-	-

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### 30.3 Market risk

Market risk is the risk that the value of a financial instruments may fluctuate as a result of changes in market interest rates or the market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

### 30.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2023	2022
	----- (Rupees) -----	
<i>Interest based investment</i>		
- Bank balances in profit and loss sharing accounts	46,165,187	56,380,325
- Receivable against margin financing	14,274,503	34,967,127
- Receivable against margin trading	55,921,998	290,978,296
	<u>116,361,688</u>	<u>382,325,748</u>

The Company have variable interest rate ranging from 12%-18% on financial instrument at fair value through profit or loss.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

#### Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at year end was as follows:

	2023			
	Effective rate of mark-up / return (%)	Exposed to interest rate risk	Not exposed to interest rate risk	Total
	-----Rupees-----			
<i>Financial assets</i>				
Long term deposits	-	-	2,185,000	2,185,000
Trade debts	-	-	183,209,486	183,209,486
Advances and other receivables	-	-	5,739,116	5,739,116
Short term deposits	-	-	8,249,396	8,249,396
Receivable against margin financing	KIBOR + 1% TO 8%	14,274,503	-	14,274,503
Receivable against margin trading	KIBOR + 1% to 3%	55,921,998	-	55,921,998
Short term investments	-	-	784,662,914	784,662,914
Bank balances	12% to 18%	290,234	45,874,953	46,165,187
		<u>70,486,736</u>	<u>1,029,920,864</u>	<u>1,100,407,599</u>
<i>Financial liabilities</i>				
Trade and other payables	-	-	57,959,583	57,959,583
short term borrowings	Variable	131,509,148	-	131,509,148
Accrued mark-up	Variable	3,433,824	-	3,433,824
		<u>134,942,972</u>	<u>57,959,583</u>	<u>192,902,556</u>
Cumulative gap		<u>(64,456,237)</u>	<u>971,961,280</u>	<u>907,505,044</u>

	2022			Total
	Effective rate of mark-up / return (%)	Exposed to interest rate risk	Not exposed to interest rate risk	
-----Rupees-----				
<b>Financial assets</b>				
Long term deposits	-	-	2,185,000	2,185,000
Trade debts	-	-	49,339,751	49,339,751
Advances and other receivables	-	-	3,468,811	3,468,811
Short term deposits	-	-	3,863,027	3,863,027
Receivable against margin financing	14% TO 16%	34,967,127	-	34,967,127
Receivable against margin trading	10% to 15%	290,978,296	-	290,978,296
Short term investments	-	-	571,455,772	571,455,772
Bank balances	10% to 15%	445,286	55,935,039	56,380,325
		326,390,709	686,247,400	1,012,638,109
<b>Financial liabilities</b>				
Trade and other payables	-	-	89,411,764	89,411,764
short term borrowings	Variable	97,422,500	-	97,422,500
Accrued mark-up	Variable	3,682,259	-	3,682,259
		101,104,759	89,411,764	190,516,523
Cumulative gap		225,285,950	596,835,636	822,121,586

### 30.5 Price Risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company's investment in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made through surplus funds.

The Company is exposed to other price risk on investment in listed shares. The Company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on an on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the Company is as follows:

Investment in Listed Securities	BEFORE TAX	
	2023	2022
10% Increase	78,466,291	57,145,577
10% Decrease	(78,466,291)	(57,145,577)

### 30.6 Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the 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 risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company's activities.

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

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transaction;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

### 30.7 Capital Risk 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 ample 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, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

### 30.8 Financial instrument by category

#### Financial assets

June 30, 2023			
At Fair Value through Profit or Loss Account	At Fair Value through OCI	At Amortized Cost	Total
Long term deposits	-	2,185,000	2,185,000
Long term investment	-	8,439,750.00	8,439,750
Trade debts - considered good	-	183,209,486	183,209,486
Receivable against margin financing	-	14,274,503	14,274,503
Receivable against margin trading	-	55,921,998	55,921,998
Short term investments	784,662,914	-	784,662,914
Short term deposits	-	5,739,116	5,739,116
Advances and other receivables	-	8,249,396	8,249,396
Cash and bank balances	-	46,204,723	46,204,723
	<b>784,662,914</b>	<b>324,223,971</b>	<b>1,108,886,885</b>

June 30, 2022			
At Fair Value through Profit or Loss Account	At Fair Value through OCI	At Amortized Cost	Total
Long term deposits	-	2,185,000	2,185,000
Long term investment	-	8,439,750	8,439,750
Trade debts - considered good	-	49,339,751	49,339,751
Receivable against margin financing	-	34,967,127	34,967,127
Receivable against margin trading	-	290,978,296	290,978,296
Short term investments	571,455,772	-	571,455,772
Short term deposits	-	3,863,027	3,863,027
Advances and other receivables	-	3,468,811	3,468,811
Cash and bank balances	-	56,390,402	56,390,402
	<b>571,455,772</b>	<b>449,632,164</b>	<b>1,021,087,935</b>

**Financial Liabilities at Amortized Cost**

	June 30, 2023	June 30, 2022
Trade and other payables	57,959,583	89,411,764
Short term borrowings	131,509,148	97,422,500
Accrued markup	3,433,824	3,682,259
	<u>192,902,556</u>	<u>190,516,523</u>

**31 MEASUREMENT OF FAIR VALUES**

A number of the company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized 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 quote prices included in Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy a, then the fair value measurements is categorized in its entirety in the same level of the fair value heirchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

At the year end, following financial instrument is carried at fair value which requires classification in the above mentioned levels

	2023			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>Financial Asset</b>				
Quoted equity securities at fair value through Profit and Loss	784,662,914	-		784,662,914

	2022			Total
	Level 1	Level 2	Level 3	
<b>Financial Asset</b>	-----Rupees-----			
Quoted equity securities at fair value through Profit and Loss	571,455,772	-		571,455,772

## 32 CAPITAL

### 32.1 Base Minimum Capital

In compliance with regulation 19.2 the rule book of PSX every TREC holder registered as a broker under brokers and agent registration rule 2001, is required to maintain base minimum capital in the and form as perscribed in the rule on the basis of assets under custody (AUC).As per said regulation as at 30 june 2023, the company is required to maintain BMC of Rs.28.396 million (2022 :Rs. 29.17 million).

	2023	2022
	-----Rupees-----	
Eligible margin securities	33,392,934	38,076,426
Trading Right Entitlement Certificate	-	2,500,000
	<b>33,392,934</b>	<b>40,576,426</b>

32.1.1 1,614,962 shares of PSX, 50,000 shares of System Limited and 22,500 shares of TRG are pledged to maintain Base Minimum Capital (BMC).

### 32.2 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.

### 32.3 Capital Adequacy Level

In compliance with the CDC Regulation number 6.8 the Capital Adequacy Level (CAL) of the Company is calculated as follows:

Total assets	1,246,174,425	1,158,490,330
Less: Total liabilities	(193,089,918)	(190,786,047)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	<b>1,053,084,507</b>	<b>967,704,283</b>

32.3.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held as at year ended 30 June, 2023 as determined by Pakistan Stock Exchange vide its notice PSX/N-7178 dated November 10, 2017 has been considered. Refer note 11.2

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### 32.4 Liquid Capital

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

S.No	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	7,111,773	7,111,773	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities	-	-	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	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.	-	-	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	<b>If unlisted than:</b>			
	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.	-	-	-
	<b>Investment in Equity Securities</b>			
	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.	756,266,296	218,907,915	537,358,381
1.5	ii. 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.	28,396,618	28,396,618	-
	ii. If unlisted, 100% of carrying value.	8,439,750	8,439,750	-
1.6	Investment in subsidiaries	-	-	-
	<b>Investment in associated companies/undertaking</b>			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
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	2,185,000	2,185,000	-
1.9	Margin deposits with exchange and clearing house.	5,739,116	-	5,739,116
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
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>	-	-	-
	<b>Advances and receivables other than trade receivables</b>			
1.15	1) No haircut may be applied on short term loan to employees provided these loans are secured and due for repayment within 12 months	7,352,657	-	7,352,657
	2) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation.	127,675,768	-	127,675,768
	3) In all other cases, 100% of net value	896,738	896,738	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b> 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	<b>Receivables from customers</b>			
	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.	14,274,503	7,293,979	6,980,524
	<b>i. Lower of net balance sheet value or value determined through adjustments.</b>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	55,921,998	2,796,100	53,125,899
	<b>ii. Net amount after deducting haircut</b>			



	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <b>iii. Net amount after deducting haircut</b>			
1.17	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <b>iv. Balance sheet value</b>	3,227,621		3,227,621
	v. Incase 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. <b>v. Lower of net balance sheet value or value determined through adjustments</b>	158,973,013	(47,733,318)	111,239,695
	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. <b>vi. Lower of net balance sheet value or value determined through adjustments</b>	21,008,852	21,008,852	-
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	350,113	-	350,113
	ii. Bank balance-customer accounts	45,815,074	-	45,815,074
	iii. Cash in hand	39,536	-	39,536
	<b>Subscription money against investment in IPO/ offer for sale (asset)</b>			
1.19	(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	<b>Total Assets</b>	<b>1,246,174,426</b>		<b>898,904,383</b>
	<b>2. Liabilities</b>			
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	46,007,145		46,007,145
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	1,817,562		
	ii. Accruals and other payables	4,335,038		4,335,038
	iii. Short-term borrowings	131,509,148		131,509,148
	iv. Current portion of subordinated loans			
2.2	v. Current portion of long term liabilities			
	vi. Deferred Liabilities	187,362		187,362
	vii. Provision for bad debts			
	viii. Provision for taxation	3,372,477		
	ix. Other liabilities as per accounting principles and included in the financial statements	5,861,186		5,861,186
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
2.3	ii. Other liabilities as per accounting principles and included in the financial statements			
	ii. 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			
	<b>Subordinated Loans</b>			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted.			
	iii. 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. Boad 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.			
2.5				
2.6	<b>Total Liabilities</b>	<b>193,089,918</b>		<b>187,899,879</b>

3. Ranking Liabilities Relating to :

<b>Concentration in Margin Financing</b>				
3.1	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.	10,610,590	-	10,610,590
<b>Concentration in securities lending and borrowing</b>				
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
<b>Net underwriting Commitments</b>				
3.3	<b>(a) in the case of right issue :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting <b>(b) in any other case :</b> 12.5% of the net underwriting commitments	-	-	-
3.4	<b>Negative equity of subsidiary</b> 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	<b>Foreign exchange agreements and foreign currency positions</b> 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	<b>Amount Payable under REPO</b>	-	-	-
<b>Repo adjustment</b>				
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	<b>Concentrated proprietary positions</b> 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	10,712,000	-	10,712,000
<b>Opening Positions in futures and options</b>				
3.9	i. In case of customer positions, the total margin requirements in respect of open postions 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	-	-	-
<b>Short sell positions</b>				
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	<b>Total Ranking Liabilites</b>	<b>21,322,590</b>	<b>-</b>	<b>21,322,590</b>

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	898,904,383
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(187,899,879)
(iii) Less: Total ranking liabilities (series number 3.11)	(21,322,590)
	<u>689,681,914</u>

### 33 BROKER RATINGS

The Pakistan Credit Rating Agency (PACRA) has granted below mention rating to the Company.

Rating Type	Rating	Outlook
BMR	BMR2	Stable
Entity Rating	A-	Stable

### 34 DISCLOSURE UNDER REGULATION 5(4) OF RESEARCH ANALYST REGULATIONS, 2015

The Company has employed 3 member in its research department (including head of research). All members report to Head of Research who reports to the Chief Executive Officer.

Research analyst employed subject to qualification, experience and skill set under research analyst regulations, 2015. During the period, the personnel employed in the research have drawn an aggregate salary and benefits amounting to Rs. 4.8 million (2022: Rs. 3.8 million) which comprise basic salary, medical allowance and other benefits as per the company policy.

### 35 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at the year end and during the year respectively are as follows :

	2023	2022
	Number	
Total employees of the company at year end	51	51
Average number of employees during the year	52	52

### 36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purpose of comparison.

From	To		
Rent expense	Booth expense	933,400	1,296,096

### 37 DATE OF AUTHORIZATION OF FINANCIAL STATEMENT FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 05-10-2023.

### 38 GENERAL

The figure has been rounded to nearest rupees.

  
Chief Executive

  
Director