FINANCIAL STATEMENTS
OF
DJM SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2023

BDO

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OF
DJM SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2023

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The Board of Directors,
DJM Securities Limited,
Karachi.

October 5, 2023
D80/AA-1781/23

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Gentlemen,

We are pleased to enclose herewith two copies of the draft financial statements of DJM Securities Limited (the Company) for the year ended June 30, 2023 together with our draft report duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements have been approved by the Board of Directors (the Board) and signed on their behalf by the Chief Executive Officer and at least one other Director and on receipt of the following:

1. Letter of representation addressed to us on behalf of the Board of Directors and signed by the Chief Executive Officer and Chief Financial Officer as per draft provided by us.

2. The Board's resolution in respect of the following:

    - Additions to short term borrowings amounting to Rs. 1,181.712 million;
    - Capital loss on sale of investment during the year amounting to Rs. 49.59 million;
    - Provision of long term advance amounting to Rs. 22.8 million;
    - Remuneration to Chief Executives and Directors amounting to Rs. 0.987 million and Rs. 1.48 million respectively;
    - Donation paid amounting to Rs. 6.635 million; and
    - Transactions with related parties as disclosed in the note 28 to the financial statements.

3. Post-closing trial balance.

4. Directors' report as required under section 223(6) of the Companies Act, 2017.

We would like to advise you that unless we sign our report, these draft financial statements shall remain and be deemed un-audited.

Below are the matters, which we would like to bring to the attention of the Board:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

1.1 The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 (the Act) and International Standards on Auditing.

1.2 While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Company's management. The management's responsibilities include the maintenance of adequate accounting record and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. SIGNIFICANT MATTERS

Our audit has highlighted certain significant matters, which are set forth in the ensuing paragraphs. These matters came to our knowledge during the conduct of normal audit procedures designed primarily with a view to enable us to form an opinion on the Company's financial statements. The matters set forth cannot, therefore, be expected to highlight all possible issues that a more extensive special examination may have highlighted. These matters also include some important communications to you that we are required to make under ISA 260 - Communication with those Charged with Governance.

2.1 LONG TERM ADVANCE

During the audit, we have noted that the Company had paid an advance payment amounting to Rs. 22.8 million against purchase of office premises in Islamabad stock exchange (ISE) [now Pakistan Stock Exchange] to one of its member, against which title of asset has not yet been transferred to the company. The matter is subjudice regarding transfer of title and other settlement terms since inception. In view of unsettled disputes and pending settlement terms, the Company considers adjustment / realisability of the said amount highly doubtful. Accordingly, as a matter of prudence, the Company has recognized 100% provision against the said advance. We seek the Board's concurrence in this matter.

2.2 STAFF GRATUITY

As disclosed in note 4.5 and 16 to these financial statements, the Company introduced an unfunded gratuity scheme from the current year. As per the qualifying criteria, an employee is eligible for one month's salary for each completed year of service. The qualifying criteria for an employee is one full year of service. The management of the Company has worked out the impact of the said scheme and determined that the prior years' charge is not material to the financial statements. Hence, the overall profit and loss charge has been incorporated in the current year's financial statements by the management.

Moreover, the company has not carried out the actuarial valuation as per Projected Unit Credit Method for determination of the liability as the management consider the impact would not be material.

Nevertheless, we recommend that the management should carry out an exercise by appointing a qualified actuary to determine its gratuity obligation under actuarial valuation.

3. FIXED ASSETS

3.1 We have not physically verified operating fixed assets as at the reporting date. Kindly confirm the existence of operating fixed assets as at June 30, 2023.

3.2 We have observed that a fixed assets register has not been maintained to provide itemized control over the fixed assets of the Company as prescribed by revised Technical Release 6 of Institute of Chartered Accountants of Pakistan. We recommend that a fixed assets register should be maintained in the prescribed form so that cost and details of physical location of each item of fixed assets is easily accessible as and when required.

3.3 We also observed that the Company does not have a proper capitalization policy duly approved by the Board of the Company. In the absence of a proper capitalization policy, there is a risk that certain material items of the assets may not be capitalized which may result in the distortion of the operating results of the Company. We recommend that a proper capitalization policy should be formulated by the Board in order to bring consistency in accounting for capital and revenue expenditure.

4. INTERNAL AUDIT DEPARTMENT

We have observed that the Company has not established a comprehensive Internal Audit Function operating under the framework of an Internal Audit Charter. Internal audit function is an independent and objective assurance and controlling activity, designed to add value and improve the Company's operations.

In the absence of an internal audit function, proper internal control environment cannot be established. We recommend that there should be an internal audit department to carry out checks regularly to ensure that the systems as designed and implemented are being rigidly followed and that procedures are standardized and to maintain proper internal control over the day to day operational activities. The internal audit department should also ensure that the assets of the Company are properly safeguarded at all times.

5. ACCOUNTING PROCEDURES MANUAL

The Company has not yet developed a comprehensive Accounting Procedures Manual. The purpose of this manual is to harmonize accounting procedures at all locations and to serve as a reference point for trouble-shooting. The manual also facilitates training and induction to new staff members. In the absence of a manual, there is an inherent risk that accounting procedures may be adopted that are not consistent resulting in errors of accounting.

We recommend that an Accounting Procedures Manual should be developed and implemented expeditiously to consolidate the various guidelines and directives issued by the management from time to time.

6. DORMANT BANK ACCOUNTS

During the course of our audit, we have noted that the following bank accounts of the Company have been dormant for last many years:

Name of the banks	Account number
MCB Islami Bank Limited (Gul Tower I.I Chundrigar Road Karachi)	125100072096000-1
Summit Bank Limited (Pakistan Stock Exchange - Branch - Karachi)	1-2-57-20311-714-101396
MCB Islami Bank Limited (Gul Tower I.I Chundrigar Road Karachi.	125100072096000-2
Js Bank (Pakistan Stock Exchange Branch - Karachi)	109589
Summit Bank Limited (Pakistan Stock Exchange Branch - Karachi)	1-2-5-20311-714-100063
Bank Alfalah Limited (Pakistan Stock Exchange Branch - Karachi)	0012-1003288002
MCB Islami Bank Limited (Gul Tower I.I Chundrigar Road Karachi.	125100165144000-1
Sindh Bank Limited (Pakistan Stock Exchange Branch - Karachi)	3361165351000
Dubai Islamic Bank Limited (Pakistan Stock Exchange Branch - Karachi)	234543001

Name of the banks	Account number
Bank Al-Habib Limited (Pakistan Stock Exchange Branch - Karachi)	1012-0081-0077-5901
Samba Bank Limited (Bahria Complex M.T. Khan Road Karachi)	2000247092
Samba Bank Limited (Bahria Complex M.T. Khan Road Karachi)	2000247459

We recommend that the management should take appropriate steps to close these bank accounts if these are no longer required for business purposes.

7. UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN)

To enhance public trust on auditor's report, the Institute of Chartered Accountants of Pakistan (ICAP) has issued a Directive 4.27, whereby it is required that every practicing-chartered accountant will place UDIN generated from ICAP portal on the following reports:

- Auditors' Report on General Purpose Financial Statements;
- Auditors' Report on Interim Financial Information; and
- Auditors' Report on Statement of Compliance with Code of Corporate Governance.

In order to obtain the UDIN, auditors are required to upload certain financial information of the reporting entity. Accordingly, we are required to upload the information on ICAP's portal for generation of UDIN. The ICAP, in its frequently asked questions, has assured that Client's confidential data would be entered by the concerned engagement partner himself and such data would not be available for any unauthorized use.

Compliance of the above ICAP Directive is mandatory and non-compliance will result in professional misconduct under Chartered Accountants Ordinance, 1961. We hereby bring this to the attention of the management and the Board of the Company.

8. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the reporting date other than those disclosed in financial statements. Kindly confirm the representations made by management.

9. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with related parties during the year other than those disclosed in note 26 and/or elsewhere in the accompanying financial statements and assured that the same was in compliance with the requirements of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018.

10. COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

We have been informed by the management that there were no instances of noncompliance with statutory laws and regulations that would have financial reporting implications other than those mentioned above. We require the Board to confirm the representations made by management to this effect.

11. FRAUD AND ERRORS

We have been informed by the management that no case of fraud and error, has been brought to their knowledge during the year. Kindly confirm the representations made by management.

12. SUBSEQUENT EVENTS

We have been informed by management that there were no events subsequent to the reporting period, other than those disclosed, which would require adjustment or disclosure in the financial statements.

We take this opportunity to thank your management and staffs, for the courtesy and cooperation extended to us during the course of our audit.

Yours faithfully,

BDO Ebrahim & Co

BDO EBRAHIM & CO.
Enclosed as above

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DJM SECURITIES LIMITED

Report on the Audit of the Financial Statements

We have audited the annexed financial statements of **DJM SECURITIES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended June 30, 2023, 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, the statement of profit or loss, 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 loss and other comprehensive loss, its cash flows and the changes in equity 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 Unconsolidated 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 director's 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.

The 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 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 cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

Other Matter

The annual financial statements of the Company for the year ended June 30, 2022 were audited by another firm of chartered accountants whose audit report dated October 07, 2022 expressed an unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI
DATED: 26 OCT 2023

UDIN: AR202310166X6zxJjQaT

BDO Ebrahim & Co

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

DJM SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	12,798,394	14,872,162
Intangible assets	6	357,977	361,396
Long term advance	7	-	22,800,000
Long term deposits	8	31,807,104	15,069,347
Deferred taxation	9	-	-
		44,963,475	53,102,905
CURRENT ASSETS			
Short term investments	10	1,806,829,914	1,091,121,809
Trade debts	11	101,126,549	75,581,796
Loans, advances and other receivables	12	18,940,377	1,798,027
Taxation - net	13	76,167,550	80,566,957
Cash and bank balances	14	15,896,954	21,161,352
		2,018,961,344	1,270,229,941
TOTAL ASSETS		2,063,924,819	1,323,332,846
EQUITY AND LIABILITIES			
Authorized share capital	15		
25,000,000 (2022: 25,000,000) ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid up capital			
12,500,000 ordinary shares of Rs: 10/-each	15	125,000,000	125,000,000
Unappropriated profit		634,355,067	1,139,096,252
		759,355,067	1,264,096,252
NON CURRENT LIABILITIES			
Deferred liability for staff gratuity	16	12,728,589	-
CURRENT LIABILITIES			
Short term borrowings	17	1,200,017,477	18,304,569
Trade and other payables	18	34,981,680	22,040,178
Markup payable		56,842,006	18,891,847
		1,291,841,163	59,236,594
TOTAL EQUITY AND LIABILITIES		2,063,924,819	1,323,332,846
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DJM SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Commission income	20	27,769,143	52,206,197
Administrative expense	21	(58,496,723)	(72,075,873)
Operating loss		(30,727,580)	(19,869,676)
Financial charges	22	(141,751,653)	(63,220,391)
Other expenses	23	(38,772,288)	(194,873,049)
Unrealized loss on revaluation of investment	10	(286,414,464)	(516,592,975)
Loss before taxation		(497,665,985)	(794,556,091)
Taxation	24	(7,075,200)	(31,348,061)
Loss after taxation		(504,741,185)	(825,904,152)
Loss per share - basic and diluted	25	(40.38)	(66.07)

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DJM SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Loss after taxation	(504,741,185)	(825,904,152)
Other comprehensive income for the year		
Total comprehensive loss for the year	(504,741,185)	(825,904,152)

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

DJM SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(497,665,985)	(794,556,091)
Adjustment for non-cash items:			
Depreciation on property and equipment	5	2,073,768	2,425,933
Amortization on intangible asset	6	3,419	4,884
Gratuity expense		12,728,589	-
Gain on disposal of property and equipment		-	(10,721)
Diminution in value of short term investments	10	286,414,464	516,592,975
Financial charges		141,751,653	63,220,391
		442,971,893	582,233,462
Net cash flow before working capital changes		(54,694,092)	(212,322,629)
(Increase) / decrease in current assets			
Short term investment (as on cost of shares)		(1,002,122,568)	1,294,257,846
Trade debts		(25,544,753)	(34,964,328)
Advances and other receivables		(17,142,350)	65,328,650
Taxation -net		5,916,390	-
		(1,038,893,281)	1,324,622,168
Increase / (decrease) in current liabilities			
Trade and other payables		12,941,502	(140,173,338)
Directors' loan		-	(22,577,530)
		12,941,502	(162,750,868)
Net cash (used in) / generated from operations		(1,025,951,779)	1,161,871,300
Financial charges paid		(103,801,494)	(58,001,462)
Income tax paid		(8,592,184)	(31,503,788)
Net cash (used in) / generated from in operating activities		(1,193,039,549)	860,043,421
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (Purchase of property and equipment)		-	(6,517,500)
Sale proceeds on disposal of property and equipment		-	1,728,429
Long term deposits		(16,737,757)	19,799,220
Net cash (used in) / generated from investing activities		(16,737,757)	15,010,149
Net (decrease) / increase in cash and cash equivalents		(1,209,777,306)	875,053,570
Cash and cash equivalent at the beginning of the year		2,856,783	(872,196,787)
Cash and cash equivalent at the end of the year	26	(1,206,920,523)	2,856,783

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DJM SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	Rupees		
Balance as on June 30, 2021	125,000,000	1,965,000,404	2,090,000,404
Total comprehensive loss for the year			
Loss for the year	-	(825,904,152)	(825,904,152)
Other comprehensive income for the year	-	-	-
	-	(825,904,152)	(825,904,152)
Balance as at June 30, 2022	125,000,000	1,139,096,252	1,264,096,252
Balance as at July 01, 2022	125,000,000	1,139,096,252	1,264,096,252
Total comprehensive loss for the year			
Loss for the year	-	(504,741,185)	(504,741,185)
Other comprehensive loss for the year	-	-	-
	-	(504,741,185)	(504,741,185)
Balance as at June 30, 2023	125,000,000	634,355,067	759,355,067

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DJM SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 NATURE AND STATUS OF BUSINESS

1.1 DJM Securities Limited (the Company) was incorporated in June 17, 2002 as a private limited company under the Companies Ordinance, 1984 (repealed by Company's Act, 2017). The status of the company have been changed from Private Limited to Public Limited vide conversion certificate dated February 19, 2019 issued by SECP. The registered and principal office of the company is situated at Suit # 203, 2nd Floor, Business and Finance Centre, I.I. Chundrigar Road, Karachi. The principal activity of the company is to carry on the business of stock brokerage, investments advisory, consultancy service underwriting and portfolio management etc.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared on the historical cost basis, except as otherwise disclosed in the relevant accounting policies. These financial statements are prepared following accrual basis of accounting except for cash flow information.

2.2 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 following:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act).

- Companies Act, 2017
- Securities Brokers (Licensing and Operations) Regulations 2016

Where provisions of and directives issued under the Companies Act, 2017, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 shall prevail.

2.3 Functional and presentational currency

These financial statements are presented in Pak Rupees, which is company's functional and presentational currency.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting 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 of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognised in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in future periods are described in the following notes:

- Useful lives, residual values and depreciation method of property, plant and equipment – (note 4.1 & 5)
- Useful lives, residual values and amortization method of intangible assets – (note 4.2 & 6)
- Provision for doubtful trade receivables – (note 4.6 & 9)
- Current income tax expense and provision for current tax - (note 4.11 & 22)

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022

	Effective date (annual periods beginning on or after)
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

3.2 New accounting standards, amendments and interpretations that are not yet effective.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have material impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 - First Time Adoption of International Financial Reporting Standards; and
IFRS 17 - Insurance Contracts.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Depreciation is charged to profit and loss account by applying reducing balance method at rates indicated in notes to the financial statements. Residual value and the useful life of assets are reviewed at least at each financial year-end and adjusted if impact on depreciation is significant.

Full year depreciation is charged on all additions, while no depreciation is charged on fixed assets disposed of during the year. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Gain or loss arising on the disposal is taken in income in the year of disposal. Maintenance and normal repairs are charged to income as and when incurred. Renewals and improvements are capitalized where it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably.

4.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

a) Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the costs beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method using the rate specified in notes to the financial statements.

b) Membership cards

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet 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.

4.3 Impairment of non financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in statement of profit or loss.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

4.4 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.4.1 Classification and measurement of financial assets and financial liabilities

a) Financial assets

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a 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 the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Business model.assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

c) **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

b) **Subsequent Measurement**

The following accounting policies apply to the subsequent measurement of financial assets:

e) **Financial assets at FVTPL**

These assets are subsequently measured at fair value. net gains and losses, including any interest or dividend income, are recognised in profit or loss.

f) **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.4.2). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

4.4.2 **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.

Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, short term investments, advances, other receivables, cash and bank balances.

The Company's trade receivables do not contain a significant financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

4.4.3 Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

4.4.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.4.5 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in statement of profit or loss.

4.4.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.5 Employee benefits

The Company introduced an unfunded gratuity scheme from the current year. As per the qualifying criteria, an employee is eligible for one month's salary for each completed year of service. The qualifying criteria for an employee is one full year of service. The impact of prior years' charge is considered immaterial by the company.

4.6 Contingencies

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

4.7 Trade and other receivables

Trade and other receivables are initially recognized at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for trade debts and other receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written off.

4.8 Cash and cash equivalents

Cash and cash equivalents comprises of cash balances and bank deposits. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, short-term running finance and short-term investments having maturity upto 3 months. Running finances under mark-up arrangements are shown with short term-borrowings in current liabilities on the reporting date.

4.9 Provisions

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

4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and services received, whether billed or not to the Company.

4.11 Revenue recognition

Brokerage, consultancy, advisory fee, underwriting, book running fee, commission on foreign exchange dealings and debt securities etc., are recognised as and when such services are provided.

Income from reverse repurchase transactions, debt securities and bank deposits is recognised at effective yield on time proportionate basis.

Interest income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.

Dividend income is recorded when the right to receive the dividend is established.

Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.

Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expense.

4.12 Taxation

a) Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years and tax credit, if any.

b) Deferred

Deferred tax is recognized using the statement of financial statement method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in financial statements purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

4.13 Earnings per share

Earnings per share is calculated by dividing the profit/loss after tax for the year by the weighted average number of shares outstanding during the year.

4.14 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.15 Related party transactions

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 include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

5 PROPERTY AND EQUIPMENT

The following is the statement of property and equipment:

Description	Owned						
	Office Premises	Office equipment	Office furniture	Computers	Generator	Vehicles	Total
	Rupees						
Net carrying value basis							
Year ended June 30, 2023							
Opening net book value (NBV)	920,192	183,902	499,281	7,158	639,027	12,622,602	14,872,162
Depreciation charge	(46,010)	(18,390)	(49,928)	(2,147)	(63,903)	(1,893,390)	(2,073,768)
Closing net book value	874,182	165,512	449,353	5,011	575,124	10,729,212	12,798,394
Gross carrying value basis							
Year ended June 30, 2023							
Cost	2,316,614	1,037,889	3,466,860	1,840,247	819,000	21,332,080	30,812,690
Accumulated depreciation	(1,442,432)	(872,377)	(3,017,507)	(1,835,236)	(243,876)	(10,602,868)	(18,014,296)
Net book value	874,182	165,512	449,353	5,011	575,124	10,729,212	12,798,394
Net carrying value basis							
Year ended June 30, 2022							
Opening net book value (NBV)	968,624	204,336	554,757	10,227	710,030	10,050,329	12,498,303
Additions (at cost)	-	-	-	-	-	6,517,500	6,517,500
Disposals (NBV)	-	-	-	-	-	(1,717,708)	(1,717,708)
Depreciation charge	(48,432)	(20,434)	(55,476)	(3,069)	(71,003)	(2,227,519)	(2,425,933)
Closing net book value	920,192	183,902	499,281	7,158	639,027	12,622,602	14,872,162
Gross carrying value basis							
Year ended June 30, 2022							
Cost	2,316,614	1,037,889	3,466,860	1,840,247	819,000	21,332,080	30,812,690
Accumulated depreciation	(1,396,421)	(853,987)	(2,967,578)	(1,833,088)	(179,973)	(8,709,478)	(15,940,525)
Net book value	920,193	183,902	499,282	7,159	639,027	12,622,602	14,872,162
Rate of depreciation	5%	10%	10%	30%	10%	15%	5% - 30%

		Note	2023 Rupees	2022 Rupees
6	**INTANGIBLE ASSETS**			
	Trading Right Entitlement Certificate	6.1	100,000	100,000
	Software	6.2	7,977	11,396
	Membership card - PMEX	6.3	250,000	250,000
			357,977	361,396

6.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited after the merger of all the three stock exchange of Pakistan in accordance with the requirement of the Stock Exchange (Corporation. Demutualization and integration) Act, 2012.

6.2 This represents accounting software with the cost and the carrying value as follows:

	2023	2022
Net carrying value basis		
Opening net book value (NBV)	11,396	16,280
Amortization charge	(3,419)	(4,884)
Closing net book value	7,977	11,396
Gross carrying value basis		
Cost	1,550,000	1,550,000
Accumulated Amortisation	(1,542,023)	(1,538,604)
Net book value	7,977	11,396
Amortisation rate at reducing balance method	30%	30%

6.3 This represents Universal Membership at the Pakistan Mercantile Exchange under the Memorandum and Articles of Association and subject to the Rules and Regulation of the Exchange, given under the hands and Seal of the Exchange at Karachi on March 31, 2003.

		Note	2023	2022
7	**LONG TERM ADVANCE**			
	Advance against purchase of property		22,800,000	22,800,000
	Provision against long term advance	7.1	(22,800,000)	-
			-	22,800,000

7.1 This represents advance payment made against purchase of office premises in Islamabad Stock Exchange (ISE) [now Pakistan Stock Exchange] to one of its a member, against which title of asset has still not yet been transferred to the company. The matter is subjudice regarding transfer of title and other settlement terms since inception. In view of unsettled disputes and pending settlement terms, the Company considers adjustment/realisability of the said amount highly doubtful. Accordingly, as a matter of prudence, the Company has recognized 100% provision against the said advance.

		Note	2023	2022
8	**LONG TERM DEPOSITS**			
	Statutory and regulatory deposits	8.1	22,847,757	6,610,000
	Pakistan Mercantile Exchange		8,750,000	8,250,000
	Other deposits		209,347	209,347
			31,807,104	15,069,347

8.1 This includes non interest bearing deposits under statutory obligations (NCCPL, CDC and PMEX etc.)

	Note	2023 Rupees	2022 Rupees
9 DEFERRED TAXATION			
Deferred taxation	9.1	-	-

9.1 The net balance for deferred taxation is in respect of following temporary differences:

	2023	2022
Taxable temporary differences arising due to		
Accelerated tax depreciation allowance	(631,529)	(704,585)
Deductible temporary differences arising in respect of		
Tax loss - prior year	121,352,019	121,352,019
Provision for doubtful debt	142,100,000	142,100,000
Unrealized Ex gain / loss @ reduced rate	79,252,728	36,290,559
	342,704,748	299,742,578

The gross movement in the deferred taxation during the year is as follows:

	2023	2022
Charged during the year - net	342,073,219	300,447,163

Net deferred tax asset arising due to timing difference calculated at applicable tax rates as at reporting date amounted to Rs. 342.073 million (2022: 300.073 million). Deferred tax asset has not been recognized in these financial statements as company may not be able to generate future taxable profit in future.

10 SHORT TERM INVESTMENTS

	Note	2023	2022
At fair value through profit or loss:			
Investment in listed securities	10.1	1,806,829,914	1,091,121,809

Gain / (loss) on re-measurement of investment at fair value through profit and loss

	2023	2022
10.1 Cost of investments	(2,335,181,437)	(1,333,058,868)
Market Value	1,806,829,914	1,091,121,809
Fair value loss-unrealized	(528,351,523)	(241,937,060)

2023 Number of shares	2022 Number of shares	Portfolio Details	Note	Market Value 2023	Market Value 2022
-	200,000	Azgard Nine Limited		-	2,056,000
-	136,000	Al-Shaheer Corporation		-	1,229,440
3,050,871	5,050,871	Aisha Steel Mills Limited		16,474,703	55,812,125
3,500	-	Aisha Steel Mills Limited PS		57,470	-
-	45,000	Avanceon Limited NC		-	3,505,950
150,000	-	Bank Al Habib Limited		6,483,000	-
527,475	527,475	Biafo Industries Limited		34,813,350	35,340,825

2023 Number of shares	2022 Number of shares	Portfolio Details	2023 Rupees Market Value	2022 Rupees Market Value
750,000	1,379,500	Bankislami Pakistan Limited	13,320,000	16,609,180
-	97,000	Century Paper And Board Mills. NC	-	5,994,600
1,500,000	1,500,000	Cnergyico Pk Limited	4,260,000	8,010,000
50,000	50,000	Cyan Limited	874,500	1,395,500
29,500	29,500	Dawood Hercules Corporation Limited	2,950,000	2,730,520
100,000	100,000	Dewan Cement Limited	415,000	540,000
358,500	1,091,650	Dawood Equities Limited	1,541,550	7,314,055
1,025,000	1,425,000	Dewan Farooque Motors Limited	11,008,500	6,227,250
200,000	200,000	D.G. Khan Cement Company Limited	10,260,000	12,500,000
1,500,000	1,500,000	Dost Steels Limited	7,965,000	8,010,000
-	30,000	Engro Corporation Limited	-	7,712,700
225,000	-	Engro Polymer and Chemicals Limited	9,506,250	-
120,000	100,000	Ferozsons Laboratories Limited	16,422,000	26,891,000
1,200,000	1,200,000	Fauji Foods Limited	6,888,000	7,956,000
390,000	100,000	Flying Cement Company Limited	2,160,600	718,000
-	495,155	Gul Ahmed Textile Mills Limited	-	16,741,191
250,000	-	Ghani Chemical Industries Limited	2,360,000	-
110,000	100,000	Ghani Global Holdings Limited	1,085,700	1,651,000
800,000	-	Globe Residency Reit	10,984,000	-
-	2,415,000	G3 Technologies Limited	-	20,430,900
1,875,000	250,000	Habib Bank Limited	137,306,250	22,835,000
117,000	100,000	Hi-Tech Lubricants Limited	2,483,910	3,965,000
994,750	863,250	IGI Holdings Limited	83,578,895	95,604,938
75,000	-	IGI Life Insurance Limited	621,750	-
10,000	10,000	Javed Omer Vohra and Company Limited. - Freeze	-	-
-	25,000	Company Limited NC	-	330,500
-	500,000	Kot Addu Power Company NC	-	13,765,000
1,000,000	1,000,000	K-Electric Limited	1,720,000	3,040,000
1,675,000	-	Lalpir Power Limited	25,041,250	-
201,628	350,000	Meezan Bank Limited	17,414,610	39,543,000
1,050,000	1,175,000	Maple Leaf Cement Factory Limited	29,746,500	32,136,250
-	350,000	Modaraba Al-Mali. NC	-	2,345,000
5,600,000	5,275,000	National Bank Of Pakistan	109,088,000	147,436,250
550,000	-	Nishat Chunian Power Limited	9,185,000	-
-	151,000	Nimir Resins Limited	-	2,194,030
22,500	-	Octopus Digital Limited	841,275	-
2,316,000	-	Oil & Gas Development Company Limited	180,648,000	-
-	50,000	Pakistan Aluminum Beverage Cans Limited	-	1,576,500

2023	2022	Portfolio Details	2023	2022
Number of shares			Rupees	Rupees
			Market Value	
305,500	600,000	Pak Elektron Limited	2,764,775	9,534,000
100,000	-	Pakgen Power Limited	4,461,000	-
100,000	-	Pakistan Petroleum Limited	5,914,000	-
160,500	360,500	Pakistan Refinery Limited	2,176,380	6,449,345
300,000	50,000	Pakistan State Oil Company Limited	33,303,000	8,592,000
450,000	450,000	Pakistan Stock Exchange Limited	3,330,000	4,603,500
500,000	500,000	Pakistan Telecommunication Company Limited	3,005,000	3,480,000
7,500	7,500	Southern Electric Power Company Limited - Freeze	-	-
-	4,500,500	Silk Bank Limited	-	5,310,590
33,000	64,000	Safe Mix Concrete Limited	571,230	416,640
500,000	500,000	Sui Southern Gas Company Limited	4,295,000	4,530,000
250,000	250,000	Siddiqsons Tin Plate Limited	1,482,500	2,645,000
-	2,000	Systems Limited	-	659,720
20	20	Telecard Limited- Freeze	-	-
10,000	50,000	Tariq Glass Industries Limited	681,000	5,190,500
-	342,000	Thatta Cement Company Limited NC	-	4,788,000
-	2,729,500	TPL Corporation Limited	-	24,893,040
150,000	150,000	Treet Corporation Limited	2,374,500	4,377,000
5,000,000	1,950,000	Trg Pakistan Limited - Class 'A'	460,650,000	150,793,500
100,000	100,000	Trust Investment Bank Limited - Freeze	-	-
125,000	-	United Bank Limited	14,692,500	-
32,605,500	11,993,586	Unity Foods Limited	509,623,965	240,711,271
68,527,790	52,475,051		1,806,833,960	1,091,125,853

11 TRADE DEBTS

	Note	2023 Rupees	2022 Rupees
Secured			
Considered good - from others	11.1 & 11.2	19,363,177	20,662,233
Considered good - from related parties	11.3 & 11.4	81,763,372	54,919,563
		101,126,549	75,581,796

11.1 Ageing analysis of trade debts is as follows:

	2023	2022
Within 14 days	7,940,901	20,379,210
Above 14 days	11,422,276	283,023
	19,363,177	20,662,233

11.2 This represents provision made against receivable from client which has been outstanding for more than 365 days.

11.3 Maximum balance due from related parties at the end of any month:

Related Parties	2022-2023 Balance (Rs.)	2022-2023 Month	2021-2022 Balance (Rs.)	2021-2022 Month
Abdul Samad Dawood	48,166,603	Feb 14, 2023	19,028,133	Dec 17, 2021
Mohammad Yaqoob	42,915,210	Feb 09, 2023	50,692,893	Jan 14, 2022
Faiza Yaqoob	163,659,005	Oct 04, 2023	135,052,711	Jan 12, 2022

11.4 Ageing analysis of amount due from related parties is as follows:

Within 14 days	-	-
Above 14 days	81,763,372	54,919,563
	81,763,372	54,919,563

	Note	2023 Rupees	2022 Rupees
12 LOANS, ADVANCE AND OTHER RECEIVABLES			
Receivable from NCCPL	12.1	16,440,377	1,798,027
Advance against new furniture and fixture		2,500,000	-
		18,940,377	1,798,027

12.1 This represents withholding of 50% of the profit, on future trading, as per NCCPL Regulations, 2015.

13 TAXATION - NET			
Opening balance		80,566,957	80,411,228
Advance tax deducted during the year		7,257,234	31,503,790
Tax refund received during the year		(4,581,441)	-
Provision for current year		(7,075,200)	(31,348,061)
Closing balance		76,167,550	80,566,957
14 CASH AND BANK BALANCES			
Cash in hand		25,020	25,570
Cash at bank			
Current accounts	14.1	15,855,314	21,119,162
Saving accounts		16,620	16,620
		15,896,954	21,161,352

14.1 Customer and proprietor wise balances:

Proprietary account balances including cash in hand	1,628,356	746,529
Client account balances	14,268,598	20,414,823
	15,896,954	21,161,352

			Note	2023 Rupees	2022 Rupees
15	**SHARE CAPITAL**				

Authorized Share Capital

2023	2022			
Number of shares				
25,000,000	25,000,000	Ordinary shares of Rs. 10/- each	250,000,000	250,000,000
25,000,000	25,000,000		250,000,000	250,000,000

Issued, subscribed and paid up capital

2023	2022			
12,500,000	12,500,000	Fully paid ordinary shares of Rs. 10/- each issued for cash	125,000,000	125,000,000
12,500,000	12,500,000		125,000,000	125,000,000

15.1 PATTERN OF SHAREHOLDING

Name Of Shareholders	Shared Held	Percentage
Mr. Muhammad Yaqoob	3,939,950	31.52%
Mr. Abdul Samad Dawood	2,740,050	21.92%
Mrs. Sumya Abdul Qadir	2,700,100	21.60%
Mrs. Maryam Dawood	2,700,000	21.60%
Mrs. Shanila Dawood	319,900	2.56%
Mrs. Faiza Yaqoob	100,000	0.80%
	12,500,000	100%

There was no change in pattern of shareholding during the year.

		2023	2022
16	**DEFERRED LIABILITY FOR STAFF GRATUITY**	12,728,589	-

16.1 It represents liability on account of unfunded gratuity scheme introduced by the company.

		Note	2023 Rupees	2022 Rupees
17	**SHORT TERM BORROWINGS**			
	Secured			
	Short term running finance	17.1	1,200,017,477	18,304,569

17.1 These borrowings have been obtained from Bank Al-Habib limited which is secured against lien / pledge over Diversified portfolio of listed securities Mark-up is payable in arrears on quarterly basis and the KIBOR + 1%, and subject to revision on a calendar quarterly basis and is calculated as 3 Months Average.

		Note	2023 Rupees	2022 Rupees
18	**TRADE AND OTHER PAYABLES**			
	Accrued and other liabilities		6,647,665	1,625,356
	Trade payable		28,334,015	20,414,822
			34,981,680	22,040,178

19 CONTINGENCIES AND COMMITMENTS

19.1 There were no contingencies and commitments as at June 30, 2023 (June 30, 2022: nil).

		Note	2023 Rupees	2022 Rupees
20	**COMMISSION INCOME**			
	Brokerage Commission	20.1	27,769,143	52,206,197
20.1	**Brokerage Commission**			
	Gross brokerage commission income		31,239,034	59,437,037
	Sindh sales tax on commission		(3,469,891)	(7,230,840)
			27,769,143	52,206,197
21	**ADMINISTRATIVE EXPENSES**			
	Director remuneration		4,600,168	3,750,000
	Staff salary and benefits		24,463,459	12,685,070
	Utilities		2,489,596	2,126,914
	Auditors' remuneration	21.1	298,000	280,000
	Rent, rate and taxes		806,365	805,772
	Entertainment		224,595	850,076
	Printing and stationery		-	21,616
	Travelling and conveyance		2,127,990	3,143,760
	Repair and maintenance		448,060	532,050
	Fee and subscription charges		9,681,852	14,927,846
	Donation	19.2 & 19.3	6,635,134	29,250,000
	Legal and professional charges		1,200,050	200,000
	Depreciation and amortization		2,077,185	2,430,817
	Miscellaneous expenses		3,444,269	1,071,952
			58,496,723	72,075,873
21.1	**AUDITORS' REMUNERATION**			
	Audit fee		288,000	270,000
	out of pocket expenses		10,000	10,000
			298,000	280,000

21.2 The names of doness to whom donation is equal to or exceeds Rs: 0.5 million are All Pakistan Memon Federation, Bantwa Town Memon Welfare Committee, Memon Health and Education Foundation and The Indus Hospital.

21.3 None of the Directors or their spouses has any interest in any of the above mentioned donees.

		Note	2023 Rupees	2022 Rupees
22	**FINANCIAL CHARGES**			
	Mark-up on short term running finance		141,686,576	63,193,859
	Bank charges		65,077	26,532
			141,751,653	63,220,391

		Note	2023 Rupees	2022 Rupees
23	**OTHER INCOME / (EXPENSE)**			
	Capital loss on sale of investment		(49,589,732)	(342,268,845)
	Dividend income		33,089,988	70,385,075
	Capital gain on disposal of property		-	5,000,000
	Income from property		-	72,000,000
	Gain on disposal		-	10,721
	Provision against long term advances	7	(22,800,000)	-
	Return on future market		527,456	-
			(38,772,288)	(194,873,049)

		Note	2023 Rupees	2022 Rupees
24	**TAXATION**			
	Current tax for the year	24.1	8,592,184	31,348,061
	Prior year reversal		(1,516,984)	-
	Provision for deferred Taxation		-	-
			7,075,200	31,348,061

24.1 The brokerage income of the Company is being taxed as per section 233A of the Income Tax Ordinance, 2001.

25 LOSS PER SHARE- BASIC AND DILUTED

	2023	2022
Loss for the year	(504,741,185)	(825,904,152)
Weighted average number of ordinary shares in issue	12,500,000	12,500,000
Loss per share	(40.38)	(66.07)

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2023 which could have any effect on the loss per share of the Company.

26 CASH AND CASH EQUIVALENTS

	2023	2022
Cash and bank balances	15,896,954	21,161,352
Short term borrowings	(1,200,017,477)	(18,304,569)
	(1,184,120,523)	2,856,783

27 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE.

The aggregate amount charged in these financial statements for remuneration, including certain benefits to the chief executive and director of the Company, are as follows:

	Chief Executive		Director	
	2023	2022	2023	2022
	(Rupees)			
Managerial remuneration	986,667	1,000,000	1,480,000	1,500,000
House rent allowance	394,667	400,000	592,000	600,000
Utilities	98,667	100,000	148,000	150,000
	1,480,001	1,500,000	2,220,000	2,250,000
Number of persons	1	1	1	1

28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise the companies with common directorship, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Detail of transactions with related parties during the year, other than disclosed elsewhere in these financial statements, are as follows:

28.1

Name of related party	Nature of Relation	Basis of Relation
Muhammad Yaqoob	Director	Shareholder
Abdul Samad Dawood	Director / CEO	Shareholder
Faiza Yaqoob	Shareholder	Shareholder

28.2 Transactions during the year

Name of related party	Nature of Transactions	2023	2022
Muhammad Yaqoob	Advances made during year	148,126,496	175,460,282
	Advances repaid during year	140,370,537	154,373,510
	Salary paid during the year	2,220,000	2,250,000
Abdul Samad Dawood	Advances made during year	171,709,292	109,727,350
	Advances repaid during year	156,810,627	100,380,561
	Salary paid during the year	1,480,000	1,500,000
Faiza Yaqoob	Advances made during year	308,256,443	377,980,414
	Advances repaid during year	304,067,257	357,169,516

28.3 The outstanding balance with related parties as at reporting date have been disclosed in the respective notes to these financial statements.

28.4 Details of remuneration to the key management personnel have been disclosed in the note 25 to these financial statements.

29 FINANCIAL INSTRUMENT 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

29.1 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 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 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 settled / paid for upon delivery.

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

	Carrying amount	
	2023	2022
	------------Rupees------------	
Long term deposits	31,807,104	15,069,347
Trade debts - considered good	101,126,549	75,581,796
Advances and other receivables	18,940,377	1,798,027
Short term investments	1,806,829,914	1,091,121,809
Bank balances	15,871,934	21,135,782
	1,974,575,878	1,204,706,761

All balances are denominated in local currency.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. At the end of the reporting period, financial assets are held with counterparties with a good credit rating or are due to be settled in short term or on demand.

Management considers the probability of default to be close to zero for trade debts as trade debt are secured through security deposits and have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised on balance due from government.

Cash and Bank Balances

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 assigned by reputable credit rating agencies.

Name of Banks	Sector	Long term Rating	Short term Rating
MCB Bank Limited	Commercial Bank	AAA	A1+
Bank Alfalah Limited	Commercial Bank	AA+	A1+
Habib Metropolitan Bank Limited	Commercial Bank	AA+	A1+
Askari Bank Limited	Commercial Bank	AA+	A1+
Habib Bank Limited	Commercial Bank	AAA	A-1+
Bank AL Habib Limited	Commercial Bank	AAA	A1+
Meezan Bank Limited	Commercial Bank	AAA	A-1+
MCB Islamic Bank Limited	Commercial Bank	A	A1
Sindh Bank Ltd	Commercial Bank	A+	A-1
JS Bank Limited	Commercial Bank	AA-	A1+
Dubai Islamic Bank Pakistan Ltd	Commercial Bank	AA	A-1+
Samba Bank Limited	Commercial Bank	AA	A-1

29.2 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

The following are the contractual maturities of financial liabilities:

	2023					
	Carrying amount	Contractual cash flows cash flows	Six months or less cash flows	Six to twelve months	Two to five years	More than five years
	Rupees					
Financial liabilities						
Short term borrowings	1,200,017,477	1,200,017,477	1,200,017,477	-	-	-
Trade and other payables	34,981,680	34,981,680	34,981,680	-	-	-
Markup payable	56,842,006	56,842,006	56,842,006	-	-	-
	1,291,841,163	1,291,841,163	1,291,841,163	-	-	-

	2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Financial iabilities						
Short term borrowings	18,304,569	18,304,569	18,304,569	-		
Trade and other payables	22,040,178	22,040,178	22,040,178	-		
Markup payable	18,891,847	18,891,847	18,891,847	-		
	59,236,594	59,236,594	59,236,594	-	-	-

29.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

29.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term financing arrangements and saving account to meet its business operations and working capital requirements.

Interest rate risk of the Company's financial assets and financial liabilities as at June 30, 2023 can be evaluated from following schedule:

	Carrying amount	
	2023	2022
	---------- (Rupees) ----------	
Variable rate instruments		
Short term borrowings	1,200,017,477	18,304,569
Saving accounts	16,620	16,620

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings). There is no direct impact on Company's equity. This analysis excludes the impact of movement in market variables on the carrying amounts of provisions and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the loss before taxation for the year ended would increase / decrease by Rs. 12 million (2022: Rs. 0.183 million). This is mainly attributable to the exposure to interest rates on its variable rate and fixed rate borrowings.

29.5 Equity price risk

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

The Company's equity securities are primarily exposed to equity price risk because of investments held and classified at FVPL . To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks. In case of 5% increase / (decrease) in price of all shares held by Company at the year end, net (loss) / income for the year would decrease / increase by Rs 90.341 million.(2022: Rs 54.556 million) and would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

29.6 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.

29.7 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 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); and
- 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----			
Financial Assets				
Short term investments	1,806,829,914	-	-	1,806,829,914
	1,806,829,914	-	-	1,806,829,914

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	----Rupees----			
Financial Assets				
Short term investments	1,091,121,809	-	-	1,091,121,809
	1,091,121,809	-	-	1,091,121,809

There were no transfers between levels of hierarchy during the year.

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

31 FINANCIAL INSTRUMENTS BY CATEGORY

	2023	2022
Financial asset at amortized cost		
Long term deposits	31,807,104	15,069,347
Trade debts	101,126,549	75,581,796
Loans, advances and other receivables	18,940,377	1,798,027
	151,874,030	92,449,170
Financial asset at profit or loss		
Short term investments	1,806,829,914	1,091,121,809
	1,958,703,944	1,183,570,979
Financial liability at amortized cost		
Deferred taxation	-	-
Short term borrowings	1,200,017,477	18,304,569
Trade and other payables	34,981,680	22,040,178
Markup payable	56,842,006	18,891,847
	1,291,841,163	59,236,594

32 CAPITAL RISK MANAGEMENT

The company's prime objective of managing capital is to safeguard the company's ability to continue as a going concern so that it can provide benefits to all stakeholders.

In order to maintain the balance of its capital structure the company may consider injecting further equity or issuing fresh debt. The company monitors its capital on the basis of its gearing ratio. Debt is calculated as total borrowings including both long term and short term borrowings. The gearing ratio as at June 30, 2023 and 2022 was as follows:

	2023	2022
Total borrowings	1,200,017,477	18,304,569
Paid up capital	125,000,000	125,000,000
Unappropriated profit	634,355,067	1,139,096,252
	759,355,067	1,264,096,252
Gearing ratio	61%	1%

33 CAPITAL ADEQUACY LEVEL / NET WORTH

	2023	2022
Total assets	2,088,105,745	1,323,332,846
Less: Total Liabilities	(1,291,841,163)	(59,236,594)
Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	796,264,582	1,264,096,252

33.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Company as at year ended June 30, 2022 as determined by Pakistan Stock Exchange has been considered.

33.2 Liquid Capital Balance

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	12,798,398	12,798,398	-
1.2	Intangible Assets	357,977	357,977	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
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 securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	1,806,829,914	389,002,941	1,417,826,973
	ii. If unlisted, 100% of carrying value.	-	-	-
	iii. Subscription money against investment in IPO / offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of sec.broker	-		
	iv. 100%. Haircut shall be applied to Value of investment in any asset including shares of listed securities that are in block, freeze of pledge status as on reporting dated (July 19,2017). Provided that 100% haircut shall not be applied in case of investment in those securities with are Pledged on favor of stock exchange / clearing house against margin financing requirements or pledged in favor of banks against short term financing arrangements, in such cases, that haircut as provided in schedule III of the regulations in respect of investment in securities shall be applicable (august 25,2017.	-	-	
1.6	Investment in subsidiaries	-		-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securitas 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.	1,610,000	1,610,000	-
1.9	Margin deposits with exchange and clearing house.	21,237,757	-	21,237,757
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	31,759,347	31,759,347	-
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.)***	-	-	-
1.15	ii. Receivables other than trade receivables	80,298,474	80,298,474	-
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.	16,440,377	-	16,440,377
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. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	-		-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haircut***	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	803,316	-	803,316
	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. ***v. Lower of net balance sheet value or value determined through adjustments***	100,323,233	74,048,253	74,048,253
	vi. 100% haircut in the case of amount receivable form related parties.	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.18	Cash and Bank balances			
	I. Bank Balance-proprietary accounts			
	ii. Bank balance-customer accounts	1,603,336	-	1,603,336
	iii. Cash in hand	14,268,598	-	14,268,598
1.19	Total Assets	25,020	-	25,020
2. Liabilities		2,088,355,747	589,875,390	1,546,253,630
2.1	Trade Payables			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	-	-	-
.	.	28,334,015	-	28,334,015
2.2	Current Liabilities			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	6,188,579	-	6,188,579
	iii. Short-term borrowings	57,301,092	-	57,301,092
	iv. Current portion of subordinated loans	1,200,017,477	-	1,200,017,477
	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. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	12,728,589	-	12,728,589
2.4	Subordinated Loans	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Total Liabilities		-	-
3. Ranking Liabilities Relating to :		1,304,569,752		1,304,569,752
3.1	Concentration in Margin Financing			
	The amount calculated client-to- client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.	-	-	-
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments			
	<u>(a) in the case of right issues</u> : 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 issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	<u>(b) in any other case</u> : 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 currency 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 securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
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	-	-	-
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	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.10	**Short sell positions**			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total Ranking Liabilities**	-	-	-
		783,785,995	589,875,390	241,683,878

Calculations Summary of Liquid Capital	
(i) Adjusted value of Assets (Serial number 1.19)	1,546,253,630
(ii) Less: Adjusted value of liabilities (Serial number 2.5)	(1,304,569,752)
(iii) Less: Total ranking liabilities (series number 3.11)	
	241,683,878

33.3 Net Capital Balance

Net capital 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 current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

	DESCRIPTION	VALUATION BASIS		RUPEES
	CURRENT ASSETS			
1	Cash in hand or in bank	As per book value		
	Cash in hand		25,020	25,020
	Cash at bank			
		Broker's account.	1,603,336	
		Client's account.	14,268,598	
	Total Bank Balances			
	Total cash and bank balances.			15,871,934
2	Trade receivables and advances	Book value	101,126,549	
		Less: Overdue for more than 14-days	(93,185,648)	
		Book Value less provision against receivables		7,940,901
3	Investment in Listed Securities in the name of broker	Market Value	1,765,681,014	
		Less: securities in exposure list marked to market less 15%.discount.	(264,852,152)	1,500,828,862
4	Securities purchased for client	Securities purchased for client & held by broker where payment is not received in 14 days		71,778,749
5	FIBs	Marked to market less 5% discount		
	Treasury Bill	At market value		
	TOTAL CURRENT ASSETS			**1,596,445,466**
	CURRENT LIABILITIES			
6	Trade payables	As per book values	28,334,015	
		Less: Overdue for more than 30 days	(12,428,315)	15,905,700
7	Other Liabilities	As per book values	1,263,507,148	
		Trade payables overdue for (More than 30 days)	12,428,315	1,275,935,463
	TOTAL CURRENT LIABILITIES			**1,291,841,163**
	NET CAPITAL BALANCE AS AT JUNE 30, 2023			**304,604,303**

34 DISCLOSURES UNDER SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016

Following additional disclosures not elsewhere disclosed in these financial statements are being provided to comply with the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016:

34.1 CUSTOMERS ASSETS HELD IN CDC

The brokerage house holds approx. 132.5 million securities of his clients in the clients CDC sub accounts having fair value of Rs: 10,387 million.

34.2 PLEDGE SECURITIES

	June 30, 2023	
	No.of Securities	Value
Pledged to financial institutions of brokerage house	47,721,500	1,404,923,320
Pledged to financial institutions on behalf of Directors / Sponsors / CEO / Shareholder	130,565,926	2,185,189,636
Pledged to financial institutions on behalf of client	1,827,500	63,398,100

35 NUMBER OF EMPLOYEES

The number of employees as at June 30,2023 were 20 (2022: 20) and average number of employees are 20 (2022: 20).

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. Following material reclassification has been made during the year:

Reclassification from	Reclassified to	Notes	Rupees
Long term deposits	Long term advance	8-7	22,800,000

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 26 OCT 2023 by the Board of Directors of the Company.

38 **GENERAL**

Amounts have been rounded off to the nearest rupee unless otherwise stated.

CHIEF EXECUTIVE

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