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Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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AUDITED FINANCIAL STATEMENTS
OF
SHERMAN SECURITIES
(PRIVATE) LIMITED
FOR THE YEAR ENDED
JUNE 30, 2022

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

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Rahman Sarfaraz Rahim Iqbal Rafiq
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INDEPENDENT AUDITORS' REPORT

To the members of Sherman Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **M/s. Sherman Securities (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2022**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Cont'd... P/2

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi
Date: 22-09-2022

UDIN: AR2022102103yOKdQ7qF

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: www.shermansecurities.com

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders

On behalf of the Board of Directors the undersigned takes pleasure to present before you the Financial Statements for the financial year ended June 30, 2022 along with Auditor's Report thereon. The Board has considered and approved the Company's audited financial results. During the year under review, operating revenue stood at Rs. 107,994,025/- as compared toRs. 84,444,774/- last year.

Market Review:

During the period under review, the Pakistan Stock Exchange for the most part of the year performed mixed despite selling from all expect for individual investors. Foreign funds and local mutual funds and insurance sector, all remained net sellers during the major part amidst dwindling macroeconomic indicators local & worldwide, post corona recovery. With PKR falling against USD and raising interest rates, and high inflation.

Future Outlook:

Pakistan is facing the challenging situation as the currency is falling rapidly to 240 lowest ever in interbank and reserves are static amid slowdown m economy. CAD and balance of payments situation is now deteriorating. The interest rates have gone up from 7.25% to now 15% to tame inflation and help PKR. Currently funds local & foreign are selling that is driving out the liquidity from the market and index is trading sharply lower with low volumes. Political uncertainty and recent floods, worst in history are the major challenges for the fragile economy.

Auditors:

The retiring auditor's M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for reappointment for the financial year ended June 30, 2023, subject to approval by the members in the forthcoming annual general meeting.

Pattern of Share Holdings:

Pattern of shareholding is attached to the report.

Acknowledgement

We are grateful to the Company's Clients for their continuing confidence and patronage. We acknowledge and appreciate the hard work put in by the employees of the Company.

For and on behalf of the Board

Mohammad Samin
CEO / Director

SHERMAN SECURITIES (PVT) LTD.
006

Mohammad Sadiq
Director

Dated: September 22, 2022

Sherman Securities (Pvt.) Ltd.
TREC Holder: Pakistan Stock Exchange Limited
Registered Broker: Securities & Exchange Commission of Pakistan

Corporate Office: 501-502, 5th Floor,
Continental Trade Centre, G/6, Block-8,
Main Clifton Road, Karachi.
Tel: (92-21) 35302921-29,

Branch Office: Room No.124,
3rd Floor, Paksitan Stock Exchange,
Karachi-74000, Pakistan.
Tel: (92-21) 32426002-5, 32422849-52

SHERMAN
Your Capital Manager

: info@shermansecurities .com
: www.shermansecurities.com

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Muhammad Samin, Chief Executive Officer of Sherman Securities (Pvt.) Limited hereby declare that there are no transactions entered into by Sherman Securities (Pvt.) limited during the year, which are fraudulent, illegal or violation of any securities market laws.

SHERMAN SECURITIES (PVT.) LTD. 006

Muhammad Samin

Chief Executive Officer

Sherman Securities (Pvt.) Ltd.
TREC Holder: Pakistan Stock Exchange Limited
Registered Broker: Securities & Exchange Commission of Pakistan

Corporate Office: 501-502, 5th Floor, Continental Trade Centre, G/6, Block-8, Main Clifton Road, Karachi.
Tel: (92-21) 35302921-29,

Branch Office: Room No.124, 3rd Floor, Paksitan Stock Exchange, Karachi-74000, Pakistan.
Tel: (92-21) 32426002-5, 32422849-52

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE CODE FOR SECURITIES BROKER (GIVEN UNDER ANNEXURE-D OF SECURITIES BROKERS LICENSING & OPERATIONS REGULATION (2016)

Sherman Securities (Pvt.) Limited is in compliance with the corporate Governance Code for Securities Broker as mentioned in Annexure D of Regulation 16(1) (f) of Securities Broker (Licensing & Operations) Regulations, 2016.

Muhammad Samin
Chief Executive Officer

SHERMAN SECURITIES (PVT.) LTD. 006

Muhammad Sadiq
Director

Sherman Securities (Private) Limited

Statement of Financial Position
As at June 30, 2022

	Note	2022	(Restated) 2021
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	4	58,864,199	64,487,238
Intangible assets	5	3,846,940	3,933,675
Long term deposits	6	4,000,000	4,100,000
		66,711,139	72,520,913
Current assets			
Trade debts	7	18,565,935	14,228,133
Short term investments	8	1,209,427,499	1,455,414,643
Loans, prepayments and other receivables	9	14,493,960	29,954,783
Tax refundable due from government		29,129,003	29,026,743
Cash and bank balances	10	63,406,521	90,653,044
		1,335,022,918	1,619,277,346
Total assets		1,401,734,057	1,691,798,259
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	11	150,000,000	150,000,000
Issued, subscribed and paid up capital	11	120,000,000	120,000,000
Unappropriated profit		672,446,408	1,130,494,911
		792,446,408	1,250,494,911
Current liabilities			
Short term borrowings - secured	12	511,429,429	324,372,046
Trade and other payables	13	84,806,767	110,303,260
Accrued markup	14	13,051,453	6,628,042
		609,287,649	441,303,348
Contingencies and commitments	15	-	-
Total equity and liabilities		1,401,734,057	1,691,798,259

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive **Director**

Sherman Securities (Private) Limited

Statement of Profit or Loss
For the year ended June 30, 2022

	Note	2022	(Restated) 2021
		Rupees	
Operating revenue	16	**107,994,025**	84,444,774
Capital (loss) / gain on sale of investment		**(148,470,511)**	325,579,580
(Loss) / gain on re-measurement of investments carried at fair value through profit or loss - net		**(243,183,249)**	143,753,383
		(283,659,735)	553,777,737
Operating Expenses			
Administrative expenses	17	**(125,168,872)**	(103,861,022)
Financial charges	18	**(42,506,242)**	(14,501,982)
		(167,675,114)	(118,363,004)
Other income	19	**3,421,670**	2,136,514
(Loss) / profit before taxation		**(447,913,179)**	437,551,247
Taxation	20	**(10,135,324)**	(11,445,935)
(Loss) / profit after taxation		**(458,048,503)**	426,105,312

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

Sherman Securities (Private) Limited

Statement of Comprehensive Income
For the year ended June 30, 2022

	2022	(Restated) 2021
	Rupees	
(Loss) / profit after taxation	**(458,048,503)**	426,105,312
Other comprehensive income	-	-
Total comprehensive loss / (profit) for the year	**(458,048,503)**	426,105,312

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

Sherman Securities (Private) Limited

Statement of Changes in Equity

For the year ended June 30, 2022

	Issued, subscribed and paid up capital	Revenue reserve Unappropriated profit	Total
	Rupees		
Balance as at June 30, 2020	120,000,000	704,389,599	824,389,599
Total comprehensive income for the year ended June 30, 2021			
Profit after taxation *(restated)*	-	426,105,312	426,105,312
Other comprehensive income for the year	-	-	-
	-	426,105,312	426,105,312
Balance as at June 30, 2021 ***(restated)***	120,000,000	1,130,494,911	1,250,494,911
Total comprehensive loss for the year ended June 30, 2022			
Loss after taxation	-	(458,048,503)	(458,048,503)
Other comprehensive income for the year	-	-	-
	-	(458,048,503)	(458,048,503)
Balance as at June 30, 2022	120,000,000	672,446,408	792,446,408

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

Sherman Securities (Private) Limited

Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	(Restated) 2021
CASH FLOWS FROM OPERATING ACTIVITIES		——— Rupees	———
(Loss) / profit before taxation		(447,913,179)	437,551,247
Adjustments for non-cash and other items:			
Depreciation for property and equipment	4	13,391,378	7,962,245
Amortization of software	5	86,735	108,419
Loss / (gain) on sale of securities		148,470,511	(325,579,580)
Loss / (gain) on re-measurement of investments carried at fair value through profit or loss		243,183,249	(143,753,383)
Financial charges	18	42,506,242	14,501,982
Interest income on cash margin placed with NCCPL	19	(1,053,667)	(1,099,688)
Gain on sale of vehicles	19	(2,368,003)	-
Provision / (reversal) of impairment	17/21	3,460,027	(1,036,826)
		447,676,472	(448,896,831)
Operating profit before working capital changes		(236,707)	(11,345,584)
Changes in working capital :			
(Increase) / decrease in current assets			
Trade debts		(7,797,829)	(6,876,252)
Advance, prepayments and other receivables		15,460,823	(16,104,079)
Sale and purchase of securities-net		(145,666,616)	105,166,149
		(138,003,622)	82,185,818
(Decrease) / increase in current liabilities			
Creditors, accrued and other liabilities		(25,496,493)	21,375,475
		(163,500,115)	103,561,293
Finance cost paid		(36,082,831)	(17,097,800)
Income tax paid		(10,237,584)	47,615,490
Net cash (used in) / generated from operating activities		(210,057,237)	122,733,399
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposit refunded		100,000	100,000
Purchase of property and equipment	4	(9,650,336)	(54,649,822)
Sale proceed of property and equipment		4,250,000	-
Interest income received on cash margin placed with NCCPL	19	1,053,667	1,099,688
Net cash used in from operating activities		(4,246,669)	(53,450,134)
Net (decrease) / increase in cash and cash equivalent during the year		(214,303,906)	69,283,265
Cash and cash equivalent at the beginning of the year		(233,719,002)	(303,002,267)
Cash and cash equivalent at the end of the year	21	(448,022,908)	(233,719,002)

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive **Director**

Sherman Securities (Private) Limited

Notes to the Financial Statements
For the year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

Sherman Securities (Private) Limited ('the Company') is a private company incorporated in Pakistan on July 15, 2002 under the Companies Ordinance, 1984. The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, Initial Public Offer (IPO) underwriting, investment and portfolio management. The Company's registered office is situated at Room No. 124, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provision of, and directives issued, under the Companies Act, 2017.

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

2.2 Accounting convention

These financial statements have been prepared under, the historical cost convention, except for investments classified as 'at fair value through profit or loss ('FVTPL') which are carried at fair value.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, amortisation methods and residual values of intangible assets;
- Provision for taxation

2.5 New standards, amendments to approved accounting and reporting standards and new interpretations

2.5.1 *Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2022*

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

Onerous Contract - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application

The following annual improvements to IFRS standards 2018 - 2020 are effective for annual reporting periods beginning on or after January 01, 2022:

a. IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability

b. IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

c. IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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

a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;

b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

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

The above amendments are not likely to affect the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

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

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

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

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Trading Rights Entitlement (TRE) Certificate

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

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 5, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

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

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

3.3 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

3.4 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise cash and bank balances and short term running finance.

3.5 Financial assets

3.5.1 *Initial recognition, classification and measurement*

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized costs:

(b) fair value through other comprehensive income (FVOCI);and

(c) fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

(i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

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

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

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

3.5.2 *Subsequent measurement*

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

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

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss.

3.5.3 *Impairment*

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

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

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

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

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

3.5.4 *De-recognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.6 Taxation

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgement and estimates

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

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

Offsetting

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

3.7 Provisions and contingent liabilities

Provisions

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

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

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

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

Contingent liabilities

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

3.8 Financial liabilities

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

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

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

3.9 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.10 **Revenue recognition**

Revenue from trading activities - brokerage

Commission revenue from trading of securities is recegnized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

3.11 **Impairment of non-financial assets**

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

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

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

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

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

3.12 **Dividends**

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

4. PROPERTY AND EQUIPMENT

	Office Premises	Furniture & Fixtures	Office Equipment	Computer	Vehicles	Total
	Rupees					
As at June 30, 2020						
Cost	15,266,953	2,554,547	2,252,161	11,161,214	23,123,199	54,358,074
Accumulated depreciation	(8,738,053)	(1,523,867)	(1,644,937)	(9,547,316)	(15,104,240)	(36,558,413)
Net book value	6,528,900	1,030,680	607,224	1,613,898	8,018,959	17,799,661
Movement during the year ended June 30, 2021						
Opening net book value	6,528,900	1,030,680	607,224	1,613,898	8,018,959	17,799,661
Addition for the year	-	-	498,013	1,467,809	52,684,000	54,649,822
Disposals during the year	-	-	-	-	-	-
Depreciation for the year	(652,890)	(103,068)	(90,359)	(705,081)	(6,410,847)	(7,962,245)
Closing net book value	**5,876,010**	**927,612**	**1,014,878**	**2,376,626**	**54,292,112**	**64,487,238**
As at June 30, 2021						
Cost	15,266,953	2,554,547	2,750,174	12,629,023	75,807,199	109,007,896
Accumulated depreciation	(9,390,943)	(1,626,935)	(1,735,296)	(10,252,397)	(21,515,087)	(44,520,658)
Net book value	**5,876,010**	**927,612**	**1,014,878**	**2,376,626**	**54,292,112**	**64,487,238**
Movement during the year ended June 30, 2022						
Opening net book value	5,876,010	927,612	1,014,878	2,376,626	54,292,112	64,487,238
Addition for the year	-	2,911,505	1,135,016	1,842,325	3,761,490	9,650,336
Disposals during the year						-
- Cost	-	-	-	-	(5,088,013)	(5,088,013)
- Accumulated depreciation	-	-	-	-	3,206,016	3,206,016
	-	-	-	-	(1,881,997)	(1,881,997)
Depreciation for the year	(587,601)	(279,543)	(145,399)	(1,103,748)	(11,275,087)	(13,391,378)
Closing net book value	**5,288,409**	**3,559,574**	**2,004,495**	**3,115,203**	**44,896,518**	**58,864,199**
As at June 30, 2022						
Cost	15,266,953	5,466,052	3,885,190	14,471,348	74,480,676	113,570,219
Accumulated depreciation	(9,978,544)	(1,906,478)	(1,880,695)	(11,356,145)	(29,584,158)	(54,706,020)
Net book value	**5,288,409**	**3,559,574**	**2,004,495**	**3,115,203**	**44,896,518**	**58,864,199**
Annual rates of depreciation	**10%**	**10%**	**10%**	**30%**	**20%**	

5. INTANGIBLE ASSETS

	Note	2022	2021
		Rupees	
Trading Right Entitlement Certificate - PSX	*5.1*	**2,500,000**	2,500,000
Membership Card - PMEX		**1,000,000**	1,000,000
- Software license	*5.2*	**346,940**	433,675
		3,846,940	3,933,675

5.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the Company had received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. The right has been carried at cost less impairment.

5.2 Software license

	2022	2021
	Rupees	
Net carrying amount		
Opening net book value	**433,675**	542,094
Amortization charge	**(86,735)**	(108,419)
Closing net book value	**346,940**	433,675
Annual amortization rate	**20%**	20%

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	2022	2021
6. LONG TERM DEPOSITS	Rupees	
Deposit placed with:		
Pakistan Mercantile Exchange Limited		
-Basic deposit	**2,500,000**	2,500,000
Central Depository Company of Pakistan Limited		
-Basic deposit	**100,000**	100,000
National Clearing Company of Pakistan Limited		
-Basic deposit	**400,000**	500,000
-Future market	**1,000,000**	1,000,000
	1,400,000	1,500,000
	4,000,000	4,100,000

7. TRADE DEBT

	2022	2021
Considered good and secured	**18,565,935**	14,228,133
Considered doubtful- unsecured	**8,963,815**	5,503,788
	27,529,750	19,731,921
Less: Provision for expected credit losses	**(8,963,815)**	(5,503,788)
	18,565,935	14,228,133

7.1 Movement in provision for doubtful debts

	2022	2021
Balance at the beginning of the year	**5,503,788**	6,540,614
Charged during the year	**3,460,027**	-
Reversed during the year	**-**	(1,036,826)
Balance at the end of the year	**8,963,815**	5,503,788

7.2 The Company held equity securities having fair value of Rs. 961.736 million owned by its client as collaterals against trade debt.

	Note	2022	2021
8. SHORT TERM INVESTMENTS		Rupees	
Quoted equity securities carried at fair value through profit or loss		**1,209,427,499**	1,455,414,643
Fair value of listed securities at June 30th		**1,213,174,404**	1,459,161,548
Less: provision for impairment	*8.1*	**(3,746,905)**	(3,746,905)
		1,209,427,499	1,455,414,643

8.1 This represents impairment loss on listed securities with prolonged decline and absence of active market resulting from classification in defaulter segment. Impairment loss is the difference between cost and estimated future cash flows expected to be generated from these financial asset.

	2022	2021
8.2 Movement in provision for impairment	Rupees	
Balance at the beginning of the year	**3,746,905**	3,175,905
Add: Charge for the year	**-**	571,000
Balance at the end of the year	**3,746,905**	3,746,905

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	Note	2022	2021
		Rupees	
8.3 Details of securities pledged			
Pledged with banks			
Brokerage House		**922,506,774**	739,448,358
Clients including employees and directors / shareholders		**41,358,974**	45,737,340
		963,865,748	785,185,698
Pledged with PSX / NCCPL			
Brokerage House		**145,932,580**	190,720,285
Clients including employees and directors / shareholders		**4,408,800**	25,130,950
		150,341,380	215,851,235

9. LOANS, PREPAYMENT AND OTHER RECEIVABLES

	Note	2022	2021
Loans			
-Staff loan - unsecured		**7,175,000**	6,105,000
Prepayment			
-Prepaid insurance		-	66,450
Other receivables			
-Dividend		-	47,130
-Receivable from NCCPL		**1,030,765**	19,031,539
-Other Receivables		**6,288,195**	4,704,664
		14,493,960	29,954,783

10. CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		**276,709**	211,763
Cash at bank:			
- current account	*10.1*	**63,129,812**	90,441,281
		63,406,521	90,653,044

10.1 This includes cash at bank pertaining to client accounts amounting to Rs. 62.851 million (2021: 89.253 million).

11. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022	2021		2022	2021
-----Number of shares-----			----------- Rupees-----------	
		Authorized Capital:		
1,500,000	1,500,000	Ordinary shares of Rs. 100/- each	**150,000,000**	150,000,000
		Issued, subscribed and paid-up :		
1,200,000	1,200,000	Ordinary shares of Rs. 100/- each issued as fully paid in cash	**120,000,000**	120,000,000

11.1 There are no agreements with shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

11.2 Shareholders holding pattern of shares are as follows:

Categories of shareholders	2022		2021	
Individuals	Number of shares held	% of Shares held	Number of shares held	% of Shares held
Muhammad Samin	1,087,200	90.60%	1,087,200	90.60%
Muhammad Sumair	28,080	2.34%	28,080	2.34%
Muhammad Sadiq	28,080	2.34%	28,080	2.34%
Muhammad Saad	28,080	2.34%	28,080	2.34%
Abdullah	28,080	2.34%	28,080	2.34%
Yaseen	240	0.02%	240	0.02%
Abdul Ghaffar	240	0.02%	240	0.02%
	1,200,000	100.00%	1,200,000	100.00%

12. SHORT TERM BORROWINGS - SECURED

	Note	2022	2021
		Rupees	
JS Bank Limited	*12.1*	201,608,483	40,097,020
Habib Metropolitan Bank Limited	*12.2*	309,820,946	284,275,026
		511,429,429	324,372,046

12.1 This represents the amount availed against a running finance facility obtained by the Company from M/s. JS Bank Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 300 million (2021: Rs. 300 million). The facility is secured pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list) and personal guarantees of those directors whose holding is more than 10% . The facility carries markup at the rate of 1-Month KIBOR +2 % p.a. (2021: 1-Month KIBOR +2 % p.a.).

12.2 This represents the amount availed against a running finance facility obtained by the Company from M/s. Habib Metropolitan Bank Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 400 million (2021: Rs. 400 million). The facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list) with minimum margin of 40% and personal guarantees of directors. The facility carries markup at the rate of 3-Month KIBOR +2 % p.a. (2021: 3-Month KIBOR +2 % p.a.).

13. TRADE AND OTHER PAYABLES

	2022	2021
	Rupees	
Creditors	62,431,019	88,977,667
Dealer commission payable	10,725,419	10,562,761
Exposure withheld	724,082	-
Profit withheld	927,875	1,876,630
Sindh sales tax payable	1,464,623	1,337,678
Withholding income tax payable	1,843,870	1,817,482
Accrued liabilities	6,689,879	5,731,042
	84,806,767	110,303,260

14. ACCRUED MARKUP

	2022	2021
Short term borrowings	13,051,453	6,628,042

	Note	2022	2021
		Rupees	

15. CONTINGENCIES AND COMMITMENTS

15.1 There are no material contingencies as at 30 June 2022.

15.2 Commitments

	2022	2021
Guarantee given by a Dubai Islamic Bank Limited on behalf of the Company in favour of National Clearing Company of Pakistan Limited against DFC exposure	10,000,000	10,000,000

16. OPERATING REVENUE

	Note	2022	2021
Commission income	*16.1*	55,527,199	66,083,316
Dividend Income		52,275,607	16,823,608
IPO commission		191,219	1,537,850
		107,994,025	84,444,774

16.1 Brokerage commission income

	2022	2021
Gross commission income	64,278,931	84,700,728
Less : Commission paid to dealers	(8,751,732)	(18,617,412)
Net commission earned	55,527,199	66,083,316

17. ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, benefits and allowances		59,387,605	41,362,136
Directors' remuneration	*17.1*	6,600,000	9,205,000
PSX / NCCPL electricity and service charges		8,518,542	12,114,641
CDC charges		1,422,157	1,793,710
Fees and subscription		53,000	308,025
Rates and taxes		143,030	-
Communication		1,163,592	598,441
Auditors' remuneration	*17.2*	918,000	810,000
Vehicle running expenses		526,190	568,121
Travelling and conveyance		3,532,906	475,000
Entertainment		1,438,219	621,742
Repair and maintenance		2,586,766	1,631,696
Depreciation	*4*	13,391,378	7,962,245
General expenses		779,296	5,936,668
Amortization of computer software	*5.2*	86,735	108,419
Insurance		66,450	360,775
Donation		12,980,000	9,975,000
Legal and professional		6,121,532	7,020,039
Provision for expected credit loss		3,460,027	-
Internet and Software charges		1,993,447	3,009,364
		125,168,872	103,861,022

17.1 Chief Executive, Director and Executives Remuneration

	Chief Executive		Directors		Total	
	2022	2021	2022	2021	2022	2021
	Rupees					
Managerial Remuneration(Rupees)	3,480,000	3,320,000	3,120,000	5,885,000	6,600,000	9,205,000
Number of persons	1	1	2	4	3	5

The Chief Executive and Director have also been provided with free use of the Company maintained cars.

17.2 Auditor's remuneration	2022	2021
	Rupees	
Statutory auditors remuneration	918,000	810,000

17.3 None of the directors of the Company or their spouses had any interest in the donee organizations.

18. FINANCIAL CHARGES	2022	2021
	Rupees	
Mark up on short term running finance	36,998,344	13,122,694
Bank charges	5,507,898	1,379,288
	42,506,242	14,501,982

19. OTHER INCOME

Gain on sale of vehicles	2,368,003	-
Interest income on cash margin placed with NCCPL	1,053,667	1,099,688
Reversal of expected credit loss	-	1,036,826
	3,421,670	2,136,514

20. TAXATION

Current	8,485,253	10,942,759
Prior	1,650,071	503,176
	10,135,324	11,445,935

20.1 The income tax assessments of the Company have been finalised up to and including the tax year 2021. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for re-assessment by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	Note	2022	2021
		Rupees	
Cash and bank balances	*10*	63,406,521	90,653,044
Short term borrowings	*12*	(511,429,429)	(324,372,046)
		(448,022,908)	(233,719,002)

22. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company, directors and their close family members. Remuneration of the Chief Executive and Directors is disclosed in note 17.1 to the financial statements. Transactions entered into with related parties and balances held with them, other than those disclosed elsewhere in these financial statements, are as follows:

	2022	2021
	Rupees	
Name of the related party, relationship with company and Nature of Transaction		
KEY MANAGEMENT PERSONNEL		
Mohammad Samin (CEO / Director)		
Balances at the year end		
Trade Payable at year end	**1,296,503**	40,074
Muhammad Sadiq (Director)		
Balances at the year end		
Trade Payable at year end	**772,929**	215,198
Abdul Ghaffar Katiya (Director)		
Balances at the year end		
Trade Receivable at year end	**2,826**	2,151
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Muhammad Sumair		
Balances at the year end		
Trade Receivable at year end	**74,104**	-
Trade Payable at year end	-	1,913,305
Muhammad Saad		
Balances at the year end		
Trade Receivable at year end	**19,660**	3,364
Abdullah Samin		
Balances at the year end		
Trade Payable at year end	**39,621**	-
Trade Receivable at year end	-	551

23. FINANCIAL INSTRUMENTS

23.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the 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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

Maximum exposure to credit risk

As of the reporting date, the maximum exposure to credit risk was as follows :

	Note	2022	2021
		Rupees	
Long term deposits		**4,000,000**	4,100,000
Trade debts	*23.1.1*	**18,565,935**	14,228,133
Loan, deposit and other receivables		**14,493,960**	29,888,333
Bank balances		**63,129,812**	90,441,281
		100,189,707	138,657,747

23.1.1 Trade debts

The Company, as part of risk management strategies, reviews the clients' financial position and considers its past experience with them as well as obtains authorized approvals and arrange for necessary collaterals in the form of equity securities. Further, the Company assigns its clients trading limits (based on their net worth) which are subject to continuous monitoring and revision. In addition, proper margins are also collected from the clients.

As of the reporting date, the ageing analysis of trade debts was as follows:

	2022		2021	
	Gross	**Life time expected credit losses**	Gross	Life time expected credit losses
Not past due	**-**	**-**	-	-
Past due 1 day - 30 days	**8,478,755**	**87,701**	10,666,611	102,496
Past due 31 days - 180 days	**5,020,112**	**134,297**	1,686,060	180,907
Past due 181 days - 1 year	**6,795,127**	**3,278,440**	148,774	56,283
Above 1 Year	**7,235,756**	**5,463,377**	7,230,476	5,164,102
	27,529,750	**8,963,815**	19,731,921	5,503,788

23.1.2 Bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Bank	Rating agency	Short-term Rating	2022	2021
			(Rupees)	
JS Bank Limited	PACRA	A-1+	**25,883,940**	8,385,786
Habib Metropolitan Bank Limited	PACRA	A-1+	**22,281,156**	36,411,687
Dubai Islamic Bank limited	VIS	A-1+	**12,892,702**	35,788,263
Bank Alfalah Limited	PACRA	A-1+	**1,005,706**	152,073
MCB Bank Limited	PACRA	A-1+	**539,216**	913,965
Bank Al-Habib Limited	PACRA	A-1+	**342,575**	7,632,726
United Bank Limited	VIS	A-1+	**76,562**	76,562
Soneri Bank Limited	PACRA	A-1+	**55,000**	55,000
National Bank of Pakistan	PACRA	A-1+	**25,472**	997,171
Bank Islami Pakistan Limited	PACRA	A-1	**18,673**	18,673
Habib Bank Limited	VIS	A-1+	**8,810**	9,375
			63,129,812	90,441,281

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	2022				
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	One to Five years
	---------- (Rupees) ----------				
Trade and other payables	84,806,767	(84,806,767)	(84,806,767)	-	-
Short term borrowing	511,429,429	(511,429,429)	(511,429,429)	-	-
Accrued markup	13,051,453	(13,051,453)	(13,051,453)	-	-
	609,287,649	(609,287,649)	(609,287,649)	-	-

	2021				
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	One to Five years
	---------- (Rupees) ----------				
Trade and other payables	110,303,260	(110,303,260)	(110,303,260)	-	-
Short term borrowing	324,372,046	(324,372,046)	(324,372,046)	-	-
Accrued markup	6,628,042	(6,628,042)	(6,628,042)	-	-
	441,303,348	(441,303,348)	(441,303,348)	-	-

Market risk

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

a) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As of the reporting date, the Company was not exposed to currency risk.

b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments (variable rate instruments) was as follows:

	2022	2021	2022	2021
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial liabilities				
Short term borrowing	**1-3 Months KIBOR + 2%**	1-3 Months KIBOR + 2%	**511,429,429**	324,372,046

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the carrying amount of any financial instrument.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax	
	100 bp increase	100 bp decrease
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	**(5,114,294)**	**5,114,294**
As at June 30, 2021		
Cash flow sensitivity-Variable rate financial instruments	(3,243,720)	3,243,720

c) *Other price risk*

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to other price risk since it had investments in quoted securities valuing to Rs. 1.209 billion (2021: 1.455 billion) and also because the Company held collaterals in the form of equity securities against their debtor balances.

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

The table below summarizes the Company's other price risk as of June 30, 2022 and 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in prices in individual scrips as at the reporting date. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax
June 30, 2022	***Rupees***	**1,209,427,499**	**10% increase**	**1,330,370,249**	**120,942,750**
			10% decrease	**1,088,484,749**	**(120,942,750)**
June 30, 2021	*Rupees*	1,455,414,643	10% increase	1,600,956,107	145,541,464
			10% decrease	1,309,873,179	(145,541,464)

23.2 Fair value estimate

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

The Company measures the fair value of its assets and liabilities carried at fair value using the following hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, the only item in the financial statements that is carried at fair value is the Company's short term investment in quoted equity securities. At each reporting date, the Company re-measures the fair value of such investments based on the share prices quoted on Pakistan Stock Exchange. Hence, the Company classifies all such investments within Level 1 of the fair value hierarchy.

	2022	2021
	Rupees	
23.3 Financial instruments by categories		
Financial assets		
At fair value through profit or loss		
Short term investments	1,209,427,499	1,455,414,643
At amortized cost		
Long term deposits	4,000,000	4,100,000
Trade debts	18,565,935	14,228,133
Loan, deposit and other receivables	14,493,960	29,888,333
Cash and bank balances	63,406,521	90,653,044
	1,309,893,915	1,594,284,153
Financial liabilities		
At amortized cost		
Short term borrowings - secured	511,429,429	324,372,046
Trade and other payables	84,806,767	110,303,260
Accrued markup	13,051,453	6,628,042
	609,287,649	441,303,348

24. CAPITAL

24.1 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

24.2 Capital Adequacy level

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

	Note	2022	2021
		Rupees	
Total assets	*24.2.1*	1,401,734,057	1,691,798,259
Less: Total liabilities		(609,287,649)	(441,303,348)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		792,446,408	1,250,494,911

24.2.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

24.3 Disclosure of net liquid balance as required by the Securities Brokers (Licensing and Operations) Regulations, 2016

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	58,864,199	100.00%	-
1.2	Intangible Assets	3,846,940	100.00%	-
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.	1,169,034,524	181,776,092	987,258,432
	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 securities broker.	-	-	-
	iv.100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable.	40,392,975	40,392,975	-
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.	4,000,000	4,000,000	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	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	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months.	7,175,000	7,175,000	-
	ii. Advance tax to the extent it is netted with provision of taxation.	29,129,003	29,129,003	-
	ii. Other Receivables other than trade receivables	6,288,195	6,288,195	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		-	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	1,030,765	-	1,030,765

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. *i. 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 haricut*	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. *iv. Balance sheet value*	7,726,872	-	7,726,872
	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*	10,839,063	3,370,970	3,370,970
	vi. 100% haircut in the case of amount receivable form related parties.	-	-	-
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietary accounts	242,004	-	242,004
	ii. Bank balance-customer accounts	62,887,808	-	62,887,808
	iii. Cash in hand	276,709	-	276,709
1.19	**Total Assets**	**1,401,734,057**		**1,062,793,560**
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	62,431,019	-	62,431,019
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	35,427,201	-	35,427,201
	iii. Short-term borrowings	511,429,429	-	511,429,429
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-

HS

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
2.4	**Subordinated Loans**	-	-	-
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	**Total Liabilities**	609,287,649		609,287,649
3. Ranking Liabilities Relating to:				
3.1	**Concentration in Margin Financing**			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	**Concentration in 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	-	-	16,602,623

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to:				
	Opening Positions in futures and options			
3.9	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	-	-	13,142,785
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met		-	-
	Short sell positions			
3.10	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	-	29,745,408
		792,446,408	Liquid Capital	423,760,503

25. NUMBER OF EMPLOYEES

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

	2022	2021
	Number	
Total number of employees as at June 30	37	27
Average number of employees during the year	36	29

26. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. Major reclassifications of corresponding figures made in these financial statements are as follows:

Reclassified from component	Reclassified to component	—— Rupees ——
Receivable from NCCPL (Loans, prepayments and other receivables)	*Profit Withheld (Trade and other payables)*	1,876,630

27. CORRECTION OF A PRIOR PERIOD ERROR

Tax refundable due from government / Gain on remeasurement of investment carried through fair value through profit or loss - net

During the year ended June 30, 2021, NCCPL deducted the tax u/ 37A on account of Capital gain on disposal of securities which, inadvertently, recorded as cost of investment instead of recording in tax refundable due from government. As a result, the amount of un-realise gain were erroneously computed as a result of increase in cost of investment with the said amount.

In these financial statement, the above error has been duly rectified retrospectively and the corresponding figures impacted by the error have been restated as follows:

	Tax refundable due from government	Unappropriated profit
	Rupees	
Balance as at June 30, 2021 (as previously reported)	20,776,631	1,122,244,799
Effects of restatement		
Increase in Tax refundable due from government	8,250,112	
Increase in Unappropriated profit		8,250,112
Balance as at June 30, 2021 (as restated)	29,026,743	1,130,494,911

Effect on the Statement of Comprehensive Income

Total Comprehensive Income for the year ended June 30, 2021	417,855,200
Increase in profit for the year	8,250,112
Total Comprehensive Income for the year ended June 30, 2021 (as restated)	426,105,312

28. GENERAL

The financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 22 SEP 2022.

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

Chief Executive

Director