

**AUDITED FINANCIAL STATEMENTS
OF
SHERMAN SECURITIES (PRIVATE) LIMITED
FOR THE YEAR ENDED
JUNE 30, 2024**

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OF
SHERMAN SECURITIES (PRIVATE) LIMITED
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JUNE 30, 2024**

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

DIRECTORS' REPORT

Economic Review & Outlook

In FY24, Pakistan's economy experienced both challenges and signs of recovery. The initial period saw high inflation and interest rates, with the PKR depreciating to over PKR 307/USD. However, foreign reserves strengthened to USD 14 billion by year-end, thanks to increased remittances and reduced imports. Inflation dropped to 23.4% YoY, allowing the central bank to reduce the policy rate to 20.5%. A new coalition government has committed to economic reforms, paving the way for a more stable outlook.

Equity Market Performance

The KSE100 Index closed FY24 at **78,445 points**, reflecting a substantial gain of 89.2% in PKR terms and 94.4% in USD terms. Investor sentiment improved, with foreign investors purchasing equities worth USD 124.2 million. As interest rates decline further, the market's attractive valuations and yields position it well for growth.

Performance Overview

Key financial results for Sherman Securities during FY24 are as follows:

Operating revenue	118,645,096
Income / (loss) from investments – net	532,798,395
Administrative expenses	(140,487,375)
Finance Cost	(63,236,109)
Other Income	6,304,872
Profit / (Loss) before levies and taxation	454,024,879
levies	(8,614,902)
Profit / (Loss) before taxation	445,409,977
Taxation	124,099
Profit / (Loss) after taxation	445,534,076

Sherman Securities achieved a net profit of PKR 445.53 million, driven by increased investment income and operational efficiency.

Future Prospects

The Company is focused on expanding its market share and enhancing its services across brokerage, advisory, and investment banking. By strengthening relationships with clients, Sherman Securities aims to capture new opportunities and deliver sustained growth.

Appointment of External 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, 2025, subject to approval by the members in the forthcoming annual general meeting.



Muhammad Samin
Chief Executive Officer



Muhammad Sadiq
Director

Dated: **October 07, 2024**

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, Pakistan Stock Exchange,
Karachi-74000, Pakistan.
Tel: (92-21) 32426002-5, 32422849-52

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, 2024**, 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, 2024 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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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 section 62 of the Futures Market Act, 2016, and the relevant requirements of the Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared; and
- f) The Company was in compliance with the relevant requirements of Futures Brokers (Licensing and Operations Regulations), 2018 as at the date on which the statement of financial position was prepared.

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


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: October 07, 2024
UDIN: AR202410213aG7Ut5RpD

STATEMENT BY CHIEF EXECUTIVE OFFICER

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



Muhammad Samin

Chief Executive Officer

Sherman Securities (Pvt.) Ltd.

TREC Holder: Pakistan Stock Exchange Limited
Registered Broker: Securities & Exchange Commission of Pakistan

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CORPORATE GOVERNANCE

BOARD OF DIRECTORS

An effective board was established comprising 5 directors, responsible for ensuring long-term success and for monitoring and evaluating the management's performance. The composition of the board is as follows:

Mr. Muhammad Samin	Chief Executive Officer
Mr. Muhammad Sadiq	Director
Mr. Muhammad Sumair	Director
Mr. Muhammad Shafi	Director
Mr. Abdul Ghaffar Katiya	Director

BOARD RESPONSIBILITIES, POWERS AND FUNCTION

Each member of the board is fully aware of the responsibilities as an individual member as well as the responsibilities of all members together as a board. The Board actively participates in all major decisions of the company including but not limited to approval of capital expenditure budgets, investments, related party transactions, and appointment of key personnel. The Board also monitors the Company's operations by approval of financial statements, review of internal and external audit observations, if any, and recommendation of dividends. The Board has devised formal policies for conducting business and ensures their monitoring through independent outsourced Internal Auditors which continuously monitors adherence to Company policies.

The following policies have been approved by the board.

- Internal Code of Conduct
- Whistleblower Policy
- Customer Complaint, Grievances & Conflict Resolution Policy
- Risk and Compliance Policy
- segregation of Customer Assets from Securities Broker Assets.

BOARD MEETINGS

The meetings of the director were presided over by the Chairman and, in his absence, by a director, elected by the board for this purpose. The board has complied with the requirements of the Act and the regulations concerning frequency, recording, and circulating minutes of the board.

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COMMITTEES OF BOARD

The board has formed the following committees and their Term of Reference.

- Audit Committee

RELATED PARTY TRANSACTION

The company has provided detailed information on related party transactions in its financial statements annexed to this Annual Report. This disclosure complies with the requirements of Companies Act, 2017 and the relevant international Financial Reporting Standard.

AUDITORS

The company is registered as a Trading and Self- Clearing category or Securities broke, under the Securities Brokers (Licensing and Operations) Regulations 2016 and appointed **Rehman Sarfaraz Rahim Iqbal Rafiq** as their external auditors which are enlisted with "A" Category panel of auditors issued by state bank of Pakistan.

COMPLIANCE STATEMENT

To the best of my knowledge and belief, there are no transactions entered into by the company during the year, which are fraudulent, illegal, or in violation of any securities market laws.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We confirm that the company complies with the code of Corporate Governance required under Securities Broker Licensing and Operation 2016.



Muhammad Samin

Chief Executive Officer

Sherman Securities (Pvt.) Ltd.

TREC Holder Pakistan Stock Exchange Limited
Registered Broker: Securities & Exchange Commission of Pakistan

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Sherman Securities (Private) Limited

Statement of Financial Position

As at June 30, 2024

		2024	(Restated)
ASSETS	Note	Rupees	
Non-current assets			
Property and equipment	4	59,649,942	47,438,600
Intangible assets	5	3,722,041	3,777,551
Long term deposits	6	4,000,000	4,000,000
		<u>67,371,983</u>	<u>55,216,151</u>
Current assets			
Trade debts	7	28,720,152	22,890,568
Short term investments	8	932,421,008	916,685,918
Loans deposits and other receivables	9	29,296,718	22,023,434
Tax refundable due from government		28,014,976	28,767,666
Cash and bank balances	10	176,069,337	187,100,441
		<u>1,194,522,191</u>	<u>1,177,468,027</u>
Total assets		<u><u>1,261,894,174</u></u>	<u><u>1,232,684,178</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	11	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up capital	11	120,000,000	120,000,000
Unappropriated profit		911,841,119	466,307,043
Current liabilities			
Short term borrowings - secured	12	6,379,692	403,806,643
Trade and other payables	13	216,662,489	225,224,302
Accrued markup		7,010,874	17,346,190
		<u>230,053,055</u>	<u>646,377,135</u>
Contingencies and commitments	14	-	-
Total equity and liabilities		<u><u>1,261,894,174</u></u>	<u><u>1,232,684,178</u></u>

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



Chief Executive



Director

Ravi

Sherman Securities (Private) Limited

Statement of Profit or Loss

For the year ended June 30, 2024

		2024	(Restated)
	Note	Rupees	
Operating revenue	15	118,645,096	54,447,540
Income / (loss) from investments - net	16	532,798,395	(61,240,365)
		<u>651,443,491</u>	<u>(6,792,825)</u>
Administrative expenses	17	(140,487,375)	(127,451,437)
Financial charges	18	(63,236,109)	(77,846,759)
		<u>(203,723,484)</u>	<u>(205,298,196)</u>
Other income	19	6,304,872	14,969,919
Profit / (loss) before levies and taxation		<u>454,024,879</u>	<u>(197,121,102)</u>
Levies	20	(8,614,902)	(8,130,569)
Profit / (loss) before taxation		<u>445,409,977</u>	<u>(205,251,671)</u>
Taxation	21	124,099	(887,694)
Profit / (loss) after taxation		<u>445,534,076</u>	<u>(206,139,365)</u>

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



Chief Executive



Director

Reserve

Sherman Securities (Private) Limited

Statement of Comprehensive Income

For the year ended June 30, 2024

	2024	(Restated)
	Rupees	
Profit / (loss) after taxation	445,534,076	(206,139,365)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>445,534,076</u>	<u>(206,139,365)</u>

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



Chief Executive



Director

Ravi

Sherman Securities (Private) Limited

Statement of Changes in Equity

For the year ended June 30, 2024

	Issued, subscribed and paid up capital	Revenue reserve Unappropriated profit	Total
	Rupees		
Balance as at June 30, 2022	120,000,000	672,446,408	792,446,408
<i>Total comprehensive loss for the year ended June 30, 2023</i>			
- Loss after taxation (restated)	-	(206,139,365)	(206,139,365)
- Other comprehensive income	-	-	-
	-	(206,139,365)	(206,139,365)
Balance as at June 30, 2023 (restated)	120,000,000	466,307,043	586,307,043
<i>Total comprehensive income for the year ended June 30, 2024</i>			
- Profit after taxation	-	445,534,076	445,534,076
- Other comprehensive income	-	-	-
	-	445,534,076	445,534,076
Balance as at June 30, 2024	120,000,000	911,841,119	1,031,841,119

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



Chief Executive



Director

Resin

Sherman Securities (Private) Limited

Statement of Cash Flows

For the year ended June 30, 2024

		2024	(Restated)
	Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before levies and taxation		454,024,879	(197,121,102)
<i>Adjustments for non-cash and other items:</i>			
- Depreciation for property and equipment	4	10,608,353	11,170,393
- Amortization of software	5	55,510	69,389
- (Gain) / loss on sale of securities	16	(505,456,456)	99,488,412
- Provision for expected credit losses		-	4,897,082
- Financial charges	18	63,236,109	77,846,759
- Reversal of provision for expected credit losses	19	(2,000,754)	-
- Write off of dealer liabilities		-	-
- Gain on sale of vehicles	19	-	(326,939)
- Interest income on cash margin placed with NCCPL	19	(1,410,378)	(953,711)
		<u>(434,967,616)</u>	<u>192,191,385</u>
Operating profit / (loss) before working capital changes		19,057,263	(4,929,717)
Changes in working capital :			
<i>(Increase) / decrease in current assets</i>			
- Sale and purchase of securities-net		489,721,366	193,253,169
- Loans deposits and other receivables		(7,273,284)	(7,529,474)
- Trade debts		(3,828,830)	(9,221,715)
		478,619,252	176,501,980
<i>(Decrease) / increase in current liabilities</i>			
- Trade and other payables		(8,561,813)	140,417,535
		<u>470,057,439</u>	<u>316,919,515</u>
- Finance cost paid		(73,571,425)	(73,552,022)
- Income tax paid		(7,738,113)	(8,656,926)
Net cash generated from operating activities		<u>407,805,164</u>	<u>229,780,850</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
- Sale proceed of property and equipment		-	1,000,000
- Interest income received on cash margin placed with NCCPL		1,410,378	953,711
- Purchase of property and equipment		(22,819,695)	(417,855)
Net cash (used in) / generated from operating activities		<u>(21,409,317)</u>	<u>1,535,856</u>
Net increase in cash and cash equivalent during the year		386,395,847	231,316,706
Cash and cash equivalent at the beginning of the year		(216,706,202)	(448,022,908)
Cash and cash equivalent at the end of the year	22	<u><u>169,689,645</u></u>	<u><u>(216,706,202)</u></u>

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


 Chief Executive


 Director

Ravin

Sherman Securities (Private) Limited

Notes to the Financial Statements

For the year ended June 30, 2024

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

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

2.2 Accounting convention

These financial statements have been prepared under, the historical cost convention, except for investments in quoted equity securities 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 Judgments and sources of estimation uncertainty

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the 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 estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements is included in the following notes:

Review

Area of judgement	Brief description of the judgement applied
Property and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'reducing balance method' as the depreciation method. Determination of useful life and residual values of property and equipment.
Intangibles	Determination of useful life, residual values and amortisation rates of Intangibles.
Provision for taxation	Refer Note 3.6

(b) *Assumptions and other major sources of estimation uncertainty*

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Trade debts	Estimation of expected credited losses

2.5 New accounting pronouncements

2.5.1 *Amendments to existing standards that became effective during the year*

The following new or amended standards and interpretations became effective during the period which are considered to be relevant to the Company's financial statements :

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The above amendments / interpretations do not likely have an effect on the financial statements of the Company except noted below:

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

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

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

Review

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above). Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- 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.
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for accompany to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- Amendment in IAS 21 'The Effects of Changes in Foreign Exchange Rates', - lack of exchangeability (effective for annual reporting periods beginning on or after January 1, 2025) a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance / takaful and re-insurance / re-takaful business.

- International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). - The Amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the Pillar Two model rules and requires new disclosures about an entity's exposure to income taxes arising from the Pillar Two model rules for affected entities to help users of financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, before its effective date. The mandatory temporary exception applies immediately and retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The disclosure requirements, in relation to periods in which Pillar Two legislation has been enacted but is yet to take effect for the entity, apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

- The International Accounting Standards (the IASB or the Board) issued Amendments to IFRS 9 and IFRS 7. Amendments to the Classification and Measurement of Financial Instruments. The amendments:
 - Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged or cancelled or expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

 - Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-Linked features and other similar contingent features.

 - Clarify the treatment of non-recourse assets and contractually linked instruments (CLI)

 - Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income (FVTOCI).

 - Annual Improvements - Volume Eleven:
 - Hedge Accounting by a First-time Adopter (Amendments to IFRS 1) - Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. The amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

 - Gain or Loss on Derecognition (Amendments to IFRS 7) - Paragraph B38 of IFRS 7 has been amended to update the language on unobservable inputs and to include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.

 - Introduction (Amendments to Guidance on implementing IFRS 7) - Paragraph IG1 of the Guidance on implementing IFRS 7 has been amended to clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.

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- Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7) - Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.
- Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7) - Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.
- Lessee Derecognition of Lease Liabilities (Amendments to IFRS 9) - Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 Leases and an extinguishment of a lease liability in accordance with IFRS 9.
- Transaction Price (Amendments to IFRS 9) - Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.
- Determination of a 'De Facto Agent' (Amendments to IFRS 10) - Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in 874 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendment is intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.
- Cost Method (Amendments to IAS 7) - Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

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

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2024:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 18 (Presentation and Disclosure in Financial Statements)
- IFRS 19 (Subsidiaries without Public Accountability: Disclosures)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material 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.

Review

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.

Review

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.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost;
- (b) financial assets measured at fair value through other comprehensive income (FVOCI); and
- (c) financial assets measured at 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 it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.5.2 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 and loss.

Review

(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 is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.5.3 Impairment

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

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

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.

Review

3.6 Levies and Taxation

Levies

A levy is an outflow of resources embodying economic benefits imposed by the government that does not meet the definition of income tax provided in the International Accounting Standard (IAS) 12 'Income Taxes' because it is not based on taxable profit.

In these financial statements, levy includes minimum tax under section 113 or other sections of Income tax ordinance, Income tax under final tax regime, workers' welfare fund expense and workers' profit participation. The corresponding effect of levy other than worker's welfare fund expense and workers' profit participation, advance tax paid has been netted off and the net position is shown in the statement of financial position.

Current tax

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

Deferred tax

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

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 is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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.

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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 recognized 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.

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.

3.11 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.

3.12 Dividends distribution

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

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4. PROPERTY AND EQUIPMENT

	Office Premises	Furniture & Fixtures	Office Equipment	Computer	Vehicles	Total
	Rupees					
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	<u>5,288,409</u>	<u>3,559,574</u>	<u>2,004,495</u>	<u>3,115,203</u>	<u>44,896,518</u>	<u>58,864,199</u>
<i>Movement during the year ended June 30, 2023</i>						
Opening net book value	5,288,409	3,559,574	2,004,495	3,115,203	44,896,518	58,864,199
Addition for the year	-	-	-	353,025	64,830	417,855
Disposals during the year	-	-	-	-	-	-
- Cost	-	-	-	-	(4,500,000)	(4,500,000)
- Accumulated depreciation	-	-	-	-	3,826,939	3,826,939
	-	-	-	-	(673,061)	(673,061)
Depreciation for the year	(528,841)	(355,957)	(200,449)	(1,026,133)	(9,059,013)	(11,170,393)
Closing net book value	<u>4,759,568</u>	<u>3,203,617</u>	<u>1,804,046</u>	<u>2,442,095</u>	<u>35,229,274</u>	<u>47,438,600</u>
<i>As at June 30, 2023</i>						
Cost	15,266,953	5,466,052	3,885,190	14,824,373	70,045,506	109,488,074
Accumulated depreciation	(10,507,385)	(2,262,435)	(2,081,144)	(12,382,278)	(34,816,232)	(62,049,474)
Net book value	<u>4,759,568</u>	<u>3,203,617</u>	<u>1,804,046</u>	<u>2,442,095</u>	<u>35,229,274</u>	<u>47,438,600</u>
<i>Movement during the year ended June 30, 2024</i>						
Opening net book value	4,759,568	3,203,617	1,804,046	2,442,095	35,229,274	47,438,600
Addition for the year	-	-	-	762,205	22,057,490	22,819,695
Depreciation for the year	(475,957)	(320,362)	(180,405)	(793,230)	(8,838,399)	(10,608,353)
Closing net book value	<u>4,283,611</u>	<u>2,883,255</u>	<u>1,623,641</u>	<u>2,411,070</u>	<u>48,448,365</u>	<u>59,649,942</u>
<i>As at June 30, 2024</i>						
Cost	15,266,953	5,466,052	3,885,190	15,586,578	92,102,996	132,307,769
Accumulated depreciation	(10,983,342)	(2,582,797)	(2,261,549)	(13,175,508)	(43,654,631)	(72,657,827)
Net book value	<u>4,283,611</u>	<u>2,883,255</u>	<u>1,623,641</u>	<u>2,411,070</u>	<u>48,448,365</u>	<u>59,649,942</u>
Annual rates of depreciation	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>30%</u>	<u>20%</u>	

	Note	2024	2023
		Rupees	
5. INTANGIBLE ASSETS			
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	222,041	277,551
		<u>3,722,041</u>	<u>3,777,551</u>

- 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.

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		2024	2023
	Note	Rupees	
5.2	Software license		
	<i>Net carrying amount</i>		
	Opening net book value	277,551	346,940
	Amortization charge	(55,510)	(69,389)
	Closing net book value	<u>222,041</u>	<u>277,551</u>
	<i>Annual amortization rate</i>	<u>20%</u>	<u>20%</u>
6.	LONG TERM DEPOSITS		
	<i>Deposit placed with:</i>		
	- 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	200,000	200,000
	- National Clearing Company of Pakistan Limited - Regular	200,000	200,000
	- National Clearing Company of Pakistan Limited - Future	1,000,000	1,000,000
		<u>4,000,000</u>	<u>4,000,000</u>
7.	TRADE DEBTS		
	Trade debts - gross	40,580,295	36,751,465
	Less: Provision for expected credit losses	(11,860,143)	(13,860,897)
		<u>28,720,152</u>	<u>22,890,568</u>
7.1	Movement in provision for doubtful debts		
	Balance at the beginning of the year	13,860,897	8,963,815
	Charged during the year	-	4,897,082
	Reversed during the year	(2,000,754)	-
	Balance at the end of the year	<u>11,860,143</u>	<u>13,860,897</u>
7.2	The Company held equity securities having fair value of Rs. 813.048 million. (2023: Rs. 882.050 million), owned by its client as collaterals against trade debts.		
7.3	Trade debts includes Rs. 0.159 million (2023: Rs. 0.347 million) due from related parties. The maximum aggregate amount outstanding during the year from such parties (with reference to month-end balances) amounted to Rs. 38.008 million (2023: Rs. 31.558).		
8.	SHORT TERM INVESTMENTS	2024	2023
		Rupees	
	<i>Quoted equity securities carried at fair value through profit or loss</i>	932,421,008	916,685,918
8.1	Details of securities pledged		
	<i>Pledged with banks</i>		
	Brokerage House	218,438,551	704,758,567
	Clients including employees and directors / shareholders	-	165,034,426
		<u>218,438,551</u>	<u>869,792,993</u>
	<i>Pledged with PSX / NCCPL</i>		
	Brokerage House	321,513,291	142,955,161
	Clients including employees and directors / shareholders	22,103,000	12,380,638
		<u>343,616,291</u>	<u>155,335,799</u>

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9.	LOANS DEPOSITS AND OTHER RECEIVABLES	Note	2024	2023
			Rupees	
	<i>Loans</i>			
	- Staff loan - unsecured		6,965,000	11,779,000
	<i>Deposits</i>			
	Deposits placed with NCCPL in respect of:			
	- Exposure margin on DFCs	28.3	13,000,000	535,000
	- Loss on DFCs (net of demand)	28.3	295,789	377,615
	<i>Other receivables</i>			
	Receivable from NCCPL against profit held on DFCs	28.3	5,727,763	5,708,493
	- Others		3,308,166	3,623,326
			<u>29,296,718</u>	<u>22,023,434</u>
10.	CASH AND BANK BALANCES			
	Cash in hand		690,175	42,232
	Cash at bank:			
	- current account	10.1	101,621,413	20,064,300
	- saving account	10.2	73,757,749	166,993,909
			<u>175,379,162</u>	<u>187,058,209</u>
			<u>176,069,337</u>	<u>187,100,441</u>

10.1 This includes cash at bank pertaining to client accounts amounting to Rs. 175.176 million (2023: Rs. 19.874 million).

10.2 The return on these balances ranges from 17% to 21% (2023: 15% to 20%) per annum on daily average product basis.

11. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2024		2023		2024		2023	
-----Number of shares-----				----- Rupees-----			
<u>1,500,000</u>	<u>1,500,000</u>	Authorized Capital:		<u>150,000,000</u>	<u>150,000,000</u>		
		Ordinary shares of Rs. 100/- each					
<u>1,200,000</u>	<u>1,200,000</u>	Issued, subscribed and paid-up :		<u>120,000,000</u>	<u>120,000,000</u>		
		Ordinary shares of Rs. 100/- each					
		issued as fully paid in cash					

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	2024		2023	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
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%
Muhammad Shafi	240	0.02%	240	0.02%
Abdul Ghaffar	240	0.02%	240	0.02%
	<u>1,200,000</u>	<u>100.00%</u>	<u>1,200,000</u>	<u>100.00%</u>

Review

			2024	2023
			Rupees	
12.	SHORT TERM BORROWINGS - SECURED	<i>Note</i>		
	JS Bank Limited		-	179,739,675
	Habib Metropolitan Bank Limited	12.1	6,379,692	172,726,720
	Dubai Islamic Bank Limited		-	51,340,248
		12.2	<u>6,379,692</u>	<u>403,806,643</u>
12.1	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 (2023: Rs. 400 million). This facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited amounting to Rs. 185.659 million as on June 30, 2024 (June 30, 2023: Rs. 333.537 million) and personal guarantees of directors. The facility carries markup at the rate of 3-Month KIBOR +2 % p.a. (2023: 3-Month KIBOR +2 % p.a.).			
12.2	As of reporting date, the Company had unutilized facilities for short term borrowings available from various banks amounting to Rs. 793.620 Million (2023: Rs. 496.193 million).			
13.	TRADE AND OTHER PAYABLES		2024	(Restated) 2023
			Rupees	
	Creditors		174,271,338	185,980,245
	Profit withheld		11,407,235	10,285,785
	Dealer commission payable		4,590,190	3,843,727
	Exposure withheld		20,554,711	6,040,531
	Sindh sales tax payable		2,722,803	3,067,665
	Accrued liabilities		2,061,002	14,408,030
	Withholding income tax payable		1,055,210	1,598,319
			<u>216,662,489</u>	<u>225,224,302</u>
14.	CONTINGENCIES AND COMMITMENTS			
14.1	As at the reporting date, there were no material contingencies to report. (2023: None)			
14.2	Commitments	<i>Note</i>	2024	2023
			Rupees	
	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		<u>25,000,000</u>	<u>10,000,000</u>
15.	OPERATING REVENUE	<i>Note</i>	2024	(Restated) 2023
			Rupees	
	Commission income	15.1	117,414,679	54,447,540
	IPO commission		1,230,417	-
			<u>118,645,096</u>	<u>54,447,540</u>
15.1	Brokerage commission income			
	Gross commission income		119,202,281	72,422,922
	Less : Commission paid to dealers		(1,787,602)	(17,975,382)
	Net commission earned		<u>117,414,679</u>	<u>54,447,540</u>

Review

16. INCOME / (LOSS) FROM INVESTMENTS - net	Note	2024	2023
		Rupees	
Realised gain / (loss) on sale of investments - net	28.3	219,358,061	(58,388,147)
Net change in unrealized gain / loss on re-measurement of investments	28.3	286,098,395	(41,100,265)
		<u>505,456,456</u>	<u>(99,488,412)</u>
Dividend income	28.3	27,341,939	38,248,047
		<u>532,798,395</u>	<u>(61,240,365)</u>
17. ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		65,364,772	57,673,580
PSX / NCCPL electricity and service charges		14,883,092	7,570,358
Travelling and conveyance		11,568,290	4,762,093
Depreciation	4	10,608,353	11,170,393
Directors' remuneration	17.2	9,900,000	6,721,875
Donation	17.1	7,800,000	13,611,700
Legal and professional		6,071,111	5,129,034
Entertainment		2,400,728	985,982
Repair and maintenance		2,373,940	1,782,895
Internet and Software charges		2,340,869	2,221,983
CDC charges		1,795,364	1,270,738
Auditors' remuneration	17.3	1,300,000	1,100,000
General expenses		1,013,245	932,519
Communication		993,240	813,875
Vehicle running expenses		739,730	461,215
Rates and taxes		672,206	435,158
Printing and stationery		325,900	137,284
Fees and subscription		281,025	55,000
Amortization of computer software	5.2	55,510	69,389
Commission expense		-	5,649,284
Provision for expected credit loss		-	4,897,082
		<u>140,487,375</u>	<u>127,451,437</u>

17.1 Donations

None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

	2024	2023
	Rupees	
Bantwa Hospital	1,425,000	-
Bantwa Town Memon Jamat Welfare Committee	1,750,000	-
Pakistan Cancer Welfare Society	-	3,600,000
Al Khidmat foundation	-	-

17.2 Remuneration of the Chief Executive and Directors

	Chief Executive		Directors		Executive		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rupees							
Managerial Remuneration	4,200,000	3,590,000	3,900,000	3,131,875	22,915,962	18,259,533	31,015,962	24,981,408
Bonus	-	-	456,600	-	942,500	-	1,399,100	-
	<u>4,200,000</u>	<u>3,590,000</u>	<u>4,356,600</u>	<u>3,131,875</u>	<u>23,858,462</u>	<u>18,259,533</u>	<u>32,415,062</u>	<u>24,981,408</u>
Number of persons	1	1	5	5	8	7	14	13

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

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		2024	2023
		Rupees	
17.3	Auditor's remuneration		
	Statutory audit fee	1,070,000	900,000
	Other Services	230,000	200,000
		<u>1,300,000</u>	<u>1,100,000</u>
18.	FINANCIAL CHARGES		
	Mark up on short term running finance	62,564,731	77,596,959
	Bank charges	671,378	249,800
		<u>63,236,109</u>	<u>77,846,759</u>
19.	OTHER INCOME		
	Profit on saving accounts maintained in banks	2,893,740	8,185,630
	Write back of dealer liabilities	-	5,503,639
	Interest income on cash margin placed with NCCPL	1,410,378	953,711
	Gain on sale of vehicles	-	326,939
	Reversal of provision for expected credit losses	2,000,754	-
		<u>6,304,872</u>	<u>14,969,919</u>

		2024	(Restated) 2023
		Rupees	
20.	LEVIES		
	Excess of minimum tax over normal tax	4,517,206	2,556,122
	Income tax - Final tax regime	4,097,696	5,574,447
		<u>8,614,902</u>	<u>8,130,569</u>
21.	TAXATION		
	Current	-	-
	Prior	(124,099)	887,694
		<u>(124,099)</u>	<u>887,694</u>

21.1 The income tax assessments of the Company have been finalised up to and including the tax year 2023. 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.

22. 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:

		2024	2023
		Rupees	
	Cash and bank balances	176,069,337	187,100,441
	Short term borrowings	(6,379,692)	(403,806,643)
		<u>169,689,645</u>	<u>(216,706,202)</u>

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23. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company (including directors) and their close family members. Remuneration of the Chief Executive and Directors is disclosed in note 17.2 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:

Name of the related party, relationship with company and Nature of Transaction	2024	2023
	Rupees	
<u>KEY MANAGEMENT PERSONNEL</u>		
Mohammad Samin (CEO / Director)		
<i>Balances at the year end</i>		
Trade Payable at year end	18,934	24,566
Muhammad Sadiq (Director)		
<i>Balances at the year end</i>		
Trade Payable at year end	178,168	-
Trade Receivable at year end	-	219,964
Abdul Ghaffar Katiya (Director)		
<i>Balances at the year end</i>		
Trade Receivable at year end	4,401	3,501
Muhammad Sumair (Director)		
<i>Balances at the year end</i>		
Trade Receivable at year end	216,476	7,837
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Muhammad Saad		
<i>Balances at the year end</i>		
Trade Receivable at year end	120,982	143,790
Commission earned	40,805	41,161
Abdullah Samin		
<i>Balances at the year end</i>		
Trade Payable at year end	5,696	6,096
Miss Shifa Sadiq		
<i>Balances at the year end</i>		
Trade Receivable at year end	9,649	198,057
Commission earned	1,224	3,887
Miss Marriyam		
<i>Balances at the year end</i>		
Trade Payable at year end	2,009	19,864
Muhammad Shafi		
<i>Balances at the year end</i>		
Trade receivable at year end	100	-
Commission earned	1,500	-

24. FINANCIAL INSTRUMENTS

24.1 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

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24.1.1 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. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economies, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company mainly arises from deposits with banks and financial institutions, trade debts, receivable against margin financing, short term loans, deposits 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 net 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 management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, are detailed as follows:

	Note	2024	2023
		Rupees	
Long term deposits	6	4,000,000	4,000,000
Trade debts - Note (a)	7	28,720,152	22,890,568
Loan deposits and other receivables	9	29,296,718	22,023,434
Bank balances - Note (b)	10	175,379,162	187,058,209
		<u>237,396,032</u>	<u>235,972,211</u>

Note (a) - Credit risk management of 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:

	2024		2023	
	Gross	Life time expected credit losses	Gross	Life time expected credit losses
	Rupees			
Not past due	-	-	-	-
Past due 1 day - 30 days	22,348,621	92,403	17,892,501	331,632
Past due 31 days - 180 days	3,895,481	89,305	2,783,929	204,295
Past due 181 days - 1 year	1,597,663	253,367	810,600	395,150
Above 1 Year	12,738,530	11,425,068	15,264,435	12,929,820
	<u>40,580,295</u>	<u>11,860,143</u>	<u>36,751,465</u>	<u>13,860,897</u>

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Note (a) - Credit risk management of 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	Long term rating	2024	2023
----- (Rupees) -----				
Habib Metropolitan Bank Limited	PACRA	AA+	106,857,757	168,277,274
Dubai Islamic Bank limited	VIS	AA	28,698,171	10,419,088
JS Bank Limited	PACRA	AA	2,510,807	3,677,240
Meezan Bank Limited	VIS	AAA	27,570,304	2,905,408
MCB Bank Limited	PACRA	AAA	1,209,027	1,250,781
Askari Bank Limited	PACRA	AA+	159,659	216,528
Bank Al-Habib Limited	PACRA	AAA	8,013,624	76,606
United Bank Limited	VIS	AAA	76,562	76,562
Soneri Bank Limited	PACRA	AA-	57,000	56,000
Bank Alfalah Limited	PACRA	AAA	157,289	49,713
National Bank of Pakistan	PACRA	AAA	24,275	24,516
Bank Islami Pakistan Limited	PACRA	AA-	20,231	19,683
Habib Bank Limited	VIS	AAA	8,810	8,810
Sindh Bank Limited	VIS	AA-	15,646	-
			<u>175,379,162</u>	<u>187,058,209</u>

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 exposed to the following concentrations of credit risk:

	June 30, 2024			June 30, 2023		
	Total exposure	Concentration	% of total exposure	Total exposure	Concentration	% of total exposure
	----- Rupees -----					
Trade debts - gross	40,580,295	4,578,085	11%	36,751,465	6,095,567	17%
Bank balances	175,379,162	<u>73,741,755</u>	42%	187,058,209	<u>166,599,906</u>	89%
		<u>78,319,840</u>			<u>172,695,473</u>	

24.1.2 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:

	June 30, 2024					
	Carrying amount	Contractual Cash flows	Payable on demand	Less than three months	Three to twelve months	One to Five years
	----- (Rupees) -----					
Trade and other payables	180,922,530	(180,922,530)	-	(180,922,530)	-	-
Short term borrowings	13,390,566	(13,390,566)	(13,390,566)	-	-	-
	<u>194,313,096</u>	<u>(194,313,096)</u>	<u>(13,390,566)</u>	<u>(180,922,530)</u>	-	-

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June 30, 2023

	Carrying amount	Contractual Cash flows	Payable on demand	Less than three months	Three to twelve months	One to Five years
Trade and other payables (restated)	204,232,002	(204,232,002)	-	(204,232,002)	-	-
Short term borrowings	421,152,833	(421,152,833)	(421,152,833)	-	-	-
	625,384,835	(625,384,835)	(421,152,833)	(204,232,002)	-	-

24.1.3 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 because of changes in market interest rates. Majority of the interest rate exposure arises from deposits against exposure margin requirements as well as short-term borrowings from banking companies.

Fair value sensitivity of fixed-rate financial instruments

As the reporting date, the Company did not hold any fixed-rate financial assets and liabilities. Accordingly, a change in interest rates would not affect the carrying amount of any financial instruments.

Cash flow sensitivity of variable-rate financial instruments

At the reporting date, the profile of the Company's variable-rate financial instruments was as follows:

	2024		2023	
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Deposits against exposure margin requirements			<u>13,000,000</u>	<u>535,000</u>
Financial liabilities				
Short term borrowing	1-3 Months KIBOR + 2%	1-3 Months KIBOR + 2%	<u>6,379,692</u>	<u>403,806,643</u>

Sensitivity analysis

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.

Review

	Effect on profit before tax	
	1% increase	1% decrease
As at June 30, 2024		
Cash flow sensitivity-Variable rate financial instruments	<u>(66,203)</u>	<u>66,203</u>
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instruments	<u>(4,032,716)</u>	<u>4,032,716</u>

e) 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. 928.674 million (2023: Rs. 916.685 million) 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, 2024 and 2023 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 (Rupees)	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax
				----- Rupees -----	
June 30, 2024	<i>Rupees</i>	932,421,008	10% increase	1,025,663,109	93,242,101
			10% decrease	839,178,907	(93,242,101)
June 30, 2023	<i>Rupees</i>	916,685,918	10% increase	1,008,354,510	91,668,592
			10% decrease	825,017,326	(91,668,592)

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24.2 Financial instruments by categories	2024	2023
	Rupees	
Financial assets		
<i>At fair value through profit or loss</i>		
Short term investments	932,421,008	916,685,918
<i>At amortized cost</i>		
Long term deposits	4,000,000	4,000,000
Trade debts - Note (a)	28,720,152	22,890,568
Loan deposits and other receivables	29,296,718	22,023,434
Bank balances	176,069,337	187,100,441
	<u>1,170,507,215</u>	<u>1,152,700,361</u>
Financial liabilities		
<i>At amortized cost</i>		
Short term borrowings - secured	6,379,692	403,806,643
Trade and other payables	180,922,530	204,232,002
Accrued markup	7,010,874	17,346,190
	<u>194,313,096</u>	<u>625,384,835</u>

25. FAIR VALUE OF ASSETS AND LIABILITIES

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.

26. CAPITAL

26.1 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. The management closely monitors the return on capital employed along with the level

On a regular basis, the Company manages to meet the financial resource requirements applicable to the Company (i.e., minimum levels of Liquid Capital or net worth) as specified in the Securities Brokers (Licensing and Operations) Regulations, 2016.

26.2 Capital Adequacy level

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

Review

		2024	(Restated) 2023
	Note	Rupees	
Total assets	26.2.1	1,261,894,174	1,232,684,178
Less: Total liabilities		(230,053,055)	(646,377,135)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
		<u>1,031,841,119</u>	<u>586,307,043</u>

26.2.1 While determining the value of the total assets, the notional value of the TRE Certificate as at year end as determined by Pakistan Stock Exchange has been considered.

26.3 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
I. Assets				
1.1	Property & Equipment	59,649,942	100.00%	-
1.2	Intangible Assets	3,722,041	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	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.	-	-	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	Investment in Equity Securities			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	854,363,247	136,571,683	717,791,564
	ii. If unlisted, 100% of carrying value.	-	-	-
	Provided, that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	78,057,761	78,057,761	-
1.6	Investment in subsidiaries	-	-	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity, however, any excess amount of cash deposited with securities exchange to comply with the requirements of Base minimum capital, may be taken in the calculation of LC.	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. <i>(Securities purchased under repo arrangement shall not be included in the investments.)</i>	-	-	-
1.15	Advances and Receivables, other than trade receivables i. No Haircut may be applied on the Short Term Loan To Employees, provided these loans are Secured and Due for repayment within 12 months.	6,965,000	6,965,000	-
	ii. No haircut may be applied to the Advance tax to the extent it is netted with provision of taxation.	28,014,976	-	28,014,976
	iii. In all other cases, 100% of net value	3,308,166	3,308,166	-
	Receivables from clearing house or securities exchange(s)			
1.16	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.	19,023,552	-	19,023,552

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to MCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	17,610,759	-	17,610,759
1.17	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. Lower of net balance sheet value or value determined through adjustments	10,767,434	4,614,546	6,152,888
	vi. In the case of amount of receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Upto 30 days, values determined after applying VaR based haircuts; b. Above 30 days, but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable. Lower of net balance sheet values or values determined through adjustments	341,959	4,401	337,558
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	202,433	-	202,433
	ii. Bank balance-customer accounts	175,176,727	-	175,176,727
	iii. Cash in hand	690,175	-	690,175
1.19	Subscription money against investment in IPO / offer for sale (asset) i. No Haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. ii. In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities. iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right Shares. Balance sheet values or net values after deducting haircuts.			
1.20	Total Assets	1,261,894,174		965,080,634
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	174,271,338	-	174,271,338
	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	49,402,025	-	49,402,025
	iii. Short-term borrowings	6,379,692	-	6,379,692
2.2	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	-	-	-
	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	-	-	-
2.3	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	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
	Subordinated Loans	-	-	-
2.4	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	230,053,055		230,053,055
3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
	Concentration in securities lending and borrowing			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
	Net underwriting Commitments			
3.3	(a) in the case of right issues : 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 (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
	Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign currency positions			
3.5	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying 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.	-	-	-
	Concentrated proprietary positions			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	19,841,925

Ravin

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	-	-	40,569,835
	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. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	-	60,411,760
		1,031,841,119	Liquid Capital	674,535,819

27. RESTATEMENT OF THE CORRESPONDING FIGURES

27.1 Change in accounting policy

In May 2024, 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide) was issued by the Institute of Chartered Accountants of Pakistan (ICAP). In view of the said guide, it has been established that minimum tax and final taxes not calculated on taxable income do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

As a result, the Company has designate the amount calculated under Section 113 of the Income Tax Ordinance and other sections of the said ordinance as levy falling under the scope of IFRIC 21/IAS 37. Any excess over the amount designated as a levy falling under the scope of IFRIC 21/IAS 37, is then recognised as an income tax within the scope of IAS 12 'Income Taxes'.

The aforesaid change in accounting policy has been accounted for retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and all the corresponding figures affected thereby have been restated. However, had the said change in policy not been made, the following expenses reported in the statement of profit or loss would have been (higher) / lower and the profits would have been (lower) / higher by the amounts presented below:

	For the year ended June 30, 2024		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	----- (Rupees) -----		
Profit before levies and taxation	454,024,879	-	454,024,879
Levies	-	(8,614,902)	(8,614,902)
Profit before taxation	454,024,879	(8,614,902)	445,409,977
Taxation	(8,490,803)	8,614,902	124,099
Profit after taxation	445,534,076	-	445,534,076

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For the year ended June 30, 2023

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	----- (Rupees) -----		
Loss before levies and taxation	(197,121,102)	-	(197,121,102)
Levies	-	(8,130,569)	(8,130,569)
Loss before taxation	(197,121,102)	(8,130,569)	(205,251,671)
Taxation	(9,018,263)	8,130,569	(887,694)
Loss after taxation	<u>(206,139,365)</u>	<u>-</u>	<u>(206,139,365)</u>

27.2 Correction of error

In previous year, the Company inadvertently recorded commission income from a public offering on a gross basis without accounting for the commission expense owed to the consultant amounting to Rs. 12.326 million. During the year, the error was identified when the invoices were received from the consultant. Therefore, the error was corrected retrospectively, in line with the requirements of "IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors". All corresponding figures affected by the error have been restated.

Effects on the statement of financial position

	Unappropriated profit	Trade and other payables - Creditors
	----- Rupees -----	
Balance as at June 30, 2023 (as previously reported)	478,633,141	185,980,245
Effect of restatement as on June 30, 2023	(12,326,098)	12,326,098
Balance as at June 30, 2023 (as restated)	<u>466,307,043</u>	<u>198,306,343</u>

Effects on comprehensive income for the year ended June 30, 2023

	Rupees
<i>Effects on profit or loss</i>	
Decrease in commission income - Operating Revenue	(12,326,098)
Increase in loss before and after taxation	<u>(12,326,098)</u>

28. GENERAL

28.1 Customers assets held in the Central Depository System

	2024	2023
	----- Rupees -----	
No. of shares	<u>135,034,746</u>	<u>106,927,110</u>
Value of shares (Rupees)	<u>3,286,673,750</u>	<u>3,463,062,983</u>

Review

28.2	Number of employees	2024	2023
		Number	
	Total number of employees as at June 30	49	38
	Average number of employees during the year	43	37

28.3 Reclassification of corresponding figures

Corresponding figures have been rearranged and reclassified in these financial statements, wherever necessary, for the purpose of comparison. Major reclassification are detailed hereunder:

Reclassification from component	Reclassification to component	Note	— Rupees —
Operating revenue <i>(Dividend income)</i>	Income / (loss) from investments - net <i>(Dividend income)</i>	16	38,248,047
Capital loss on sale of investment	Income / (loss) from investments - net <i>(Realised gain / (loss) on sale of investments - net)</i>	16	58,388,147
Loss on re-measurement of investment carried at fair value through profit or loss - net	Income / (loss) from investments - net <i>(Net change in unrealized gain / loss on re-measurement of investments)</i>	16	41,100,265
Other income <i>(Markup income)</i>	Other income <i>(Profit on saving accounts)</i>	19	8,185,630
Loans deposits and other receivables <i>(Receivable from NCCPL against profit held on DFCs)</i>	Loans deposits and other receivables <i>(Deposit placed with NCCPL - expoure margin)</i>	9	535,000
Loans deposits and other receivables <i>(Receivable from NCCPL against profit held on DFCs)</i>	Loans deposits and other receivables <i>(Deposit placed with NCCPL - loss on DFCs (net of demand))</i>	9	377,615

28.4 Date of authorization of the financial statements

The financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 07, 2024.

28.5 Level of rounding

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

Ravi


Chief Executive


Director