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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

AUDITED FINANCIAL STATEMENTS OF BAWA SECURITIES (PRIVATE) LIMITED FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the members of Bawa Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

- 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); and

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: October 6, 2023
UDIN: AR202310210e4vzV7Xux

Bawa Securities (Private) Limited

Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
EQUITY AND LIABILITIES		Rupees	
Share capital and reserves			
Authorized capital	4	**100,000,000**	100,000,000
Issued, subscribed and paid up capital	4	**35,000,000**	35,000,000
Capital reserve			
Capital contribution from the Directors	5	**62,449,101**	62,449,101
Revenue reserve			
Unappropriated profits		**159,439,683**	153,787,269
		256,888,784	251,236,370
Non-current liability			
Loan from Directors	5	**27,089,406**	24,286,720
Current liabilities			
Trade and other payables	6	**36,930,688**	100,651,779
Taxation-net	7	**2,871,355**	1,943,085
		39,802,043	102,594,864
Contingencies and commitments	8	-	-
Total equity and liabilities		**323,780,233**	378,117,954
ASSETS			
Non-current assets			
Property and equipment	9	**3,151,657**	3,446,132
Intangible assets	10	**3,500,000**	3,500,000
Long term deposits and advances	11	**6,400,000**	7,200,000
		13,051,657	14,146,132
Current assets			
Short term investments	12	**156,274,116**	98,995,262
Trade debts	13	**29,207,752**	3,847,746
Receivable against margin financing	14	**63,763,041**	46,997,718
Deposits and other receivables	15	**13,628,202**	5,421,368
Cash and bank balances	16	**47,855,465**	208,709,728
		310,728,576	363,971,822
Total assets		**323,780,233**	378,117,954

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive **Director**

Bawa Securities (Private) Limited

Statement of Profit or Loss
For the year ended June 30, 2023

	Note	2023	2022
		Rupees	
Operating revenue	*17*	**39,634,130**	43,301,888
Realized loss on disposal of investments		**(29,166,437)**	1,050,014
Unrealized gain / (loss) on remeasurement of investments		**20,153,325**	(29,716,459)
		30,621,018	14,635,443
Administrative expenses	*18*	**(31,727,049)**	(44,311,585)
Finance costs	*19*	**(2,802,686)**	(2,512,720)
Other income	*20*	**14,935,178**	15,983,079
Profit / (loss) before taxation		**11,026,461**	(16,205,783)
Taxation	*21*	**(5,374,047)**	(4,690,620)
Profit / (loss) after taxation		**5,652,414**	(20,896,403)

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive **Director**

Bawa Securities (Private) Limited

Statement of Comprehensive Income
For the year ended June 30, 2023

	2023	2022
	Rupees	
Profit / (loss) after taxation	**5,652,414**	(20,896,403)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	**5,652,414**	(20,896,403)

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Director

Bawa Securities (Private) Limited

Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Unappropriated profits	Capital contribution from the Directors	Total
	Rupees			
Balance as at June 30, 2021	35,000,000	174,683,672	62,449,101	272,132,773
Total comprehensive income for the year ended June 30, 2022				
- Loss after taxation	-	(20,896,403)	-	(20,896,403)
- Other comprehensive income	-	-	-	-
	-	(20,896,403)	-	(20,896,403)
Balance as at June 30, 2022	**35,000,000**	**153,787,269**	**62,449,101**	**251,236,370**
Total comprehensive income for the year ended June 30, 2023				
- Profit after taxation	-	**5,652,414**	-	**5,652,414**
- Other comprehensive income	-	-	-	-
	-	**5,652,414**	-	**5,652,414**
Balance as at June 30, 2023	**35,000,000**	**159,439,683**	**62,449,101**	**256,888,784**

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive **Director**

Bawa Securities (Private) Limited

Statement of Cash Flows

For the year ended June 30, 2023

	Note	2023	2022
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		11,026,461	(16,205,783)
Adjustments for non-cash items :			
Unrealized gain / (loss) on remeasurement of investments		(20,153,325)	(29,716,459)
Depreciation on property and equipment	9	572,575	574,841
Provision for expected credit losses on trade debts	13.2	(2,299,645)	-
Interest on treasury bills	17	(9,237,323)	(304,054)
Trade debts written off	18	-	130,533
Finance cost	19	2,802,686	2,512,720
Interest on saving accounts	20	(11,280,754)	(15,164,118)
Interest on cash margin placed with PSX	20	(1,354,779)	(818,961)
		(40,950,565)	(42,785,498)
Operating loss before working capital changes		(29,924,104)	(58,991,281)
Change in working capital:			
Decrease/(Increase) in current assets			
Trade debts		(23,060,361)	8,043,743
Short term investments -net		(37,125,529)	(11,388,231)
Receivable against margin financing		(16,765,323)	106,416,367
Deposits and other receivables		(8,206,834)	11,232,993
		(85,158,047)	114,304,872
Increase/(Decrease) in current liabilities			
Trade and other payables		(63,721,091)	(91,040,622)
Cash (used in) / generated from operations		(178,803,242)	(35,727,031)
Income tax paid		(4,445,777)	(4,754,526)
Net cash used in operating activities		(183,249,019)	(40,481,557)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(278,100)	(306,300)
Interest received on saving accounts		11,280,754	15,164,118
Interest received on treasury bills		9,237,323	-
Interest received on cash margin placed with PSX		1,354,779	818,961
Long term deposits - net		800,000	(800,000)
Net cash generated from investing activities		22,394,756	14,876,779
Net decrease in cash and cash equivalents		(160,854,263)	(25,604,778)
Cash and cash equivalents at beginning of the year		208,709,728	234,314,506
Cash and cash equivalents at end of the year	16	47,855,465	208,709,728

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Saleema

Director

Bawa Securities (Private) Limited

Notes to the Financial Statements
For the year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

Bawa Securities (Private) Limited ('the Company') was incorporated in Pakistan on April 28, 2008 as a private limited company under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). The Company is a Trading Rights Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and is categorized as a 'Trading and Self-Clearing' broker by the Securities and Exchange Commission of Pakistan (SECP). The Company is also a member of Pakistan Mercantile Exchange Limited (PMEX).

The principal activities of the Company are investments, share brokerage and Initial Public Offer (IPO) underwriting.

The registered office of the Company is situated at Room Nos. 432-433, Stock Exchange Building, Stock Exchange Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; 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 Standards, the provisions of, and directives issued, under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

In these financial statements all items have been measured at their historical cost except for investment in quoted equity securities and mutual funds which have been measured at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(a) Useful lives, depreciation methods and residual values of property and equipment;
(b) Provision for taxation.

2.5 New Accounting Pronouncements

2.5.1 *New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:*

(a) IAS 37 -Onerous contracts — **Effective date: January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 - Proceeds before an asset's intended use — **Effective date: January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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:

(a) IAS 1 - Disclosure of accounting policies — **Effective date: January 01, 2023**

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.

(b) IAS 8 - Definition of accounting estimates — **Effective date: January 01, 2023**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) **IAS 12 - Deferred tax** **Effective date: January 01, 2023**

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) **IAS 1 - Classification of liabilities as current or non current** **Effective date: January 01, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) **IFRS 16 - Sale and leaseback transaction** **Effective date: January 01, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

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

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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 9. Depreciation is charged when the asset is available for use till the asset is disposed off.

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

Trading Right Entitlement Certificate (TREC) and Membership card of PMEX

The useful lives of these assets are indefinite and hence, no amortization is charged by the Company.

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

3.3 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.

3.5 Taxation

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 income 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 income 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 realized or the deferred income tax liability is settled.

A deferred tax asset is recognized only to the extent that the entity has sufficient taxable temporary differences or their is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 recognized deferred tax asset to be utilized. Any such reduction shall be 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 realize the asset and settle the liability simultaneously.

3.6 Provisions and contingent liabilities

Provisions

A provision is recognized 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 recognized for future operating losses.

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.

3.7 Financial assets

3.7.1 *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) fair value through other comprehensive income (FVOCI).
(c) fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when 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 amortized 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.

3.7.2 *Subsequent measurement*

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized 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 recognized 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 recognized in other comprehensive income is not reclassified from equity to profit or loss.

Dividends received from investments measured at fair value through profit or loss 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.

3.7.3 *Impairment*

The Company recognizes a loss allowance for expected credit losses in respect of financial assets measured at amortized 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 recognizes 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 amortized cost are deducted from the gross carrying amount of the assets.

3.7.4 *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

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

3.8 *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 and loss account.

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 offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

3.10 *Revenue recognition*

Revenue from trading activities - brokerage commission

Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of settlement of the transaction by the clearing house.

3.11 Other income

Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
— (Number of shares) —			Rupees	
		Authorized capital		
1,000,000	1,000,000	Ordinary shares of Rs. 100/- each	**100,000,000**	100,000,000
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.100/- each		
350,000	350,000	Issued for cash	**35,000,000**	35,000,000

4.1 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal, and block voting.

4.2 Pattern of shareholding

Categories of shareholders	2023 Shares held	2023 % of holding	2022 Shares held	2022 % of holding
Individuals				
Muhammad Hanif Bawa	**140,000**	**40.00%**	140,000	40.00%
Muhammad Rafiq Bawa	**122,500**	**35.00%**	122,500	35.00%
Seema Bawa	**35,000**	**10.00%**	35,000	10.00%
Yasmin Rafiq Bawa	**35,000**	**10.00%**	35,000	10.00%
Muhammad Iqbal Bawa	**17,500**	**5.00%**	17,500	5.00%
	350,000	**100%**	350,000	100%

5. LOAN FROM DIRECTORS

This represents unsecured, interest free loan provided by Directors of the Company. The capital contribution represents the difference between the nominal value and present value (at the disbursement date) of long term loan received in 2001. Since the loan is interest-free and is to be repaid after 30 years from the disbursement date, it has been discounted at the Company's borrowing rate with the effect of discounting credited to equity in accordance with the requirements of Technical Release 32-Accounting Directors' Loan issued by the Institute of Chartered Accountants of Pakistan.

		2023	2022
6.	**TRADE AND OTHER PAYABLES**	Rupees	
	Creditors	**32,907,977**	93,945,229
	Payable to clients against DFCs	**2,385,924**	856,023
	Accrued expenses	**1,272,905**	2,896,152
	Sindh Sales Tax payable	**363,882**	196,090
	Commission Payable to Dealer	**-**	2,758,285
		36,930,688	100,651,779
7.	**INCOME TAX PAYABLE**		
	Opening balance - income tax payable / (refundable)	**1,943,085**	2,006,991
	Tax paid during the year	**(4,445,777)**	(4,754,526)
	Tax refunds received during the year	**-**	-
	Provision for taxation - current	**5,015,132**	4,107,203
	Provision for taxation - prior	**358,915**	583,417
	Closing balance - income tax payable	**2,871,355**	1,943,085

8. CONTINGENCIES AND COMMITMENTS

As of the reporting date, no material contingencies and commitments were known to exist (2022:None).

	2023	2022
	Rupees	
Revolving guarantee given by Bank Al Habib Limited on behalf of the Company in favour of National Clearing Company of Pakistan Limited against Ready market exposure	**10,000,000**	10,000,000

9. PROPERTY AND EQUIPMENT

	Offices	Furniture & fixture	Electric Equipments	Vehicles	Computer	Total
As at June 30, 2021						
Cost	3,301,000	759,930	1,697,456	400,000	5,622,012	11,780,398
Accumulated depreciation	(1,357,136)	(643,377)	(940,813)	(395,850)	(4,728,549)	(8,065,725)
Net book value	1,943,864	116,553	756,643	4,150	893,463	3,714,673
Year ended June 30, 2022						
Opening net book value	1,943,864	116,553	756,643	4,150	893,463	3,714,673
Additions during the year	-	-	189,000	-	117,300	306,300
Depreciation for the year	(194,386)	(11,655)	(78,202)	(830)	(289,768)	(574,841)
Closing net book value	1,749,478	104,898	867,441	3,320	720,995	3,446,132
As at June 30, 2022						
Cost	3,301,000	759,930	1,886,456	400,000	5,739,312	12,086,698
Accumulated depreciation	(1,551,522)	(655,032)	(1,019,015)	(396,680)	(5,018,317)	(8,640,566)
Net book value	1,749,478	104,898	867,441	3,320	720,995	3,446,132
Year ended June 30, 2023						
Opening net book value	**1,749,478**	**104,898**	**867,441**	**3,320**	**720,995**	**3,446,132**
Additions during the year	**-**	**-**	**-**	**-**	**278,100**	**278,100**
Depreciation for the year	**(174,948)**	**(10,490)**	**(86,744)**	**(664)**	**(299,729)**	**(572,575)**
Closing net book value	**1,574,530**	**94,408**	**780,697**	**2,656**	**699,366**	**3,151,657**
As at June 30, 2023						
Cost	**3,301,000**	**759,930**	**1,886,456**	**400,000**	**6,017,412**	**12,364,798**
Accumulated depreciation	**(1,726,470)**	**(665,522)**	**(1,105,759)**	**(397,344)**	**(5,318,046)**	**(9,213,141)**
Net book value	**1,574,530**	**94,408**	**780,697**	**2,656**	**699,366**	**3,151,657**
Rate of depreciation	**10%**	**10%**	**10%**	**20%**	**30%**	

		Note	2023	2022
			Rupees	
10.	**INTANGIBLE ASSETS**			
	Trading Rights Entitlement (TRE) Certificate - PSX	*10.1*	**2,500,000**	2,500,000
	Membership Card - PMEX		**1,000,000**	1,000,000
			3,500,000	3,500,000

10.1 Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Company received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Pakistan Stock Exchange Limited (PSX). This is being carried at cost less accumulated impairment computed based on the notional value of the TREC as notified by PSX.

		Note	2023	2022
			Rupees	
11.	**LONG TERM DEPOSITS AND ADVANCES**			
	Trading deposits			
	- National Clearing Company of Pakistan Limited	*11.1*	**1,400,000**	1,400,000
	Deposit against Base minimum capital			
	- Pakistan Stock Exchange Limited		-	800,000
	Advances			
	Pakistan Mercantile Exchange Limited (PMEX)	*11.2*	**5,000,000**	5,000,000
			6,400,000	7,200,000

11.1 These includes basic deposits and security deposits (including the security deposit relating to DFC market).

11.2 This represent an advance made to Pakistan Mercantile Exchange Limited (PMEX) for acquiring an office space at NCEL Building Project.

		Note	2023	2022
			Rupees	
12.	**SHORT TERM INVESTMENTS**			
	At fair value through profit or loss			
	Investment in quoted securities	*12.1*	**70,299,913**	30,021,886
	Investment in mutual fund	*12.2*	**5,982,983**	40,707,612
			76,282,896	70,729,498
	At amortized cost			
	Investment in Treasury bill (T-bill)	*12.4*	**79,991,220**	28,265,764
			156,274,116	98,995,262

12.1 Investment in quoted securities

Scrips 2023	Scrips 2022	Scrip name	Market Value 2023	Market Value 2022
-------Numbers -------			-------Rupees -------	
5,000	5,000	Kot Addu Power Company Limited	**104,000**	137,650
107,499	26,999	Maple Leaf Cement Factory Limited	**3,045,447**	738,423
5,875	5,875	Pervez Ahmed Consultancy Services Limited	**3,643**	5,053
82,320	82,320	Pakistan Petroleum Limited	**4,868,405**	5,557,423
208,500	126,000	Pakistan Refinery Limited	**2,827,260**	2,254,140
2,002,953	2,002,953	Pakistan Stock Exchange Limited	**14,821,852**	20,490,209
2,175	2,175	Reliance Weaving Mills Limited	**168,236**	144,638
40,500	15,000	Sui Northern Gas Pipelines Limited	**1,594,485**	513,150
20,000	20,000	Sui Southern Gas Company Limited	**171,800**	181,200

Scrips 2023	Scrips 2022	Scrip name	Market Value 2023	Market Value 2022
-------Numbers -------			-------Rupees -------	
66,500	-	Air Link Communication Limited	1,318,695	-
1,500	-	Al Shaheer Corporation Limited	10,845	-
22,000	-	Avanceon Limited	968,880	-
1,000	-	Bank Alfalah Limited	30,440	-
6,500	-	Bankislami Pakistan Limited	115,440	-
9,500	-	Citi Pharma Limited	202,730	-
32,000	-	D.G. Khan Cement Company Limited	1,641,600	-
4,000	-	Descon Oxychem Limited	96,880	-
5,500	-	Engro Corporation Limited	1,429,395	-
500	-	Fauji Fertilizer Bin Qasim Limited	5,890	-
32,000	-	Fauji Foods Limited	183,680	-
1,000	-	Gul Ahmed Textile Mills Limited	17,810	-
190,000	-	Ghani Global Holdings Limited	1,875,300	-
1,500	-	Ghandhara Industries Limited	120,810	-
24,000	-	Habib Bank Limited	1,757,520	-
2,500	-	The Hub Power Company Limited	173,950	-
27,500	-	Hum Network Limited	160,600	-
438,000	-	K-Electric Limited	753,360	-
19,500	-	Lotte Chemical Pakistan Limited	536,640	-
3,500	-	Lucky Cement Limited	1,827,315	-
2,000	-	Meezan Bank Limited	172,740	-
2,000	-	Nishat (Chunian) Limited	40,600	-
15,000	-	Nishat Chunian Power Limited	250,500	-
12,500	-	Netsol Technologies Limited	935,375	-
500	-	Nishat Power Limited	8,475	-
1,000	-	National Refinery Limited	150,000	-
10,500	-	Oil & Gas Development Company Limited	819,000	-
18,500	-	Pakistan Aluminium Beverage Cans Limited	836,570	-
44,000	-	Pak Elektron Limited	398,200	-
7,500	-	Pioneer Cement Limited	649,725	-
1,000	-	Pakistan State Oil Company Limited	111,010	-
51,500	-	Shell Pakistan Limited	5,955,975	-
3,000	-	Systems Limited	1,209,990	-
35,000	-	Telecard Limited	231,000	-
17,500	-	Tariq Glass Industries Ltd	1,191,750	-
10,000	-	Tpl Corp Limited	60,100	-
203,000	-	Tpl Properties Limited	2,529,380	-
99,000	-	Treet Corporation Limited	1,567,170	-
82,500	-	Trg Pakistan Limited - Class 'A'	7,600,725	-
17,000	-	United Bank Limited	1,998,180	-
105,500	-	Unity Foods Limited	1,648,965	-
90,500	-	Waves Corporation Limited	556,575	-
500,000	-	Worldcall Telecom Limited	545,000	-
4,692,322	2,286,322		**70,299,913**	30,021,886

12.2 Investment in mutual funds

Units 2023	Units 2022	Scrip name	Market Value 2023	Market Value 2022
-------Numbers -------			-------Rupees -------	
118,749	806,606	Pakistan Cash Management Fund	**5,982,983**	40,707,612

12.3 Details of shares pledged

	2023		2022	
	No of shares pledged	Value of shares pledged	No of shares pledged	Value of shares pledged
Pledge with PSX / NCCPL				
Clients	57,000	4,819,410	271,000	12,104,730
Brokerage house	2,342,400	28,985,045	2,277,400	29,836,402
Pledge with Banks				
Clients	3,546,500	94,195,720	2,475,000	80,110,455

12.4 This represents investment in Treasury bills (T-bills) having face value of Rs. 90 million with maturity dates upto November 30, 2023.

13. TRADE DEBTS	Note	2023	2022
		Rupees	
Total trade debts outstanding		36,508,271	13,447,910
Less: Provision for expected credit losses	13.2	(7,300,519)	(9,600,164)
		29,207,752	3,847,746

13.1 As of the reporting date, the Company held equity securities having fair value of Rs. 242.1 million (2022: Rs. 225.56 million) owned by its clients, as collaterals against trade debts.

13.2 Movement in provision for expected credit losses	2023	2022
	Rupees	
Balance at the beginning of the year	9,600,164	2,118,097
Charged during the year	-	7,482,067
Reversal of provision	(2,299,645)	-
Balance at the end of the year	7,300,519	9,600,164

13.3 As of the reporting date, total customer assets held in central depository system amounted to Rs. 1,093.9 million (2022: Rs 1,227.37 million).

14. Receivable against margin financing	2023	2022
	Rupees	
Receivable under Margin Financing - considered good and secured	63,763,041	46,997,718

14.1 As of the reporting date, the Company held equity securities having fair value amounting to Rs. 68 million (2022: Rs. 47.97 million) as collateral against receivables under Margin Financing.

15. DEPOSITS AND OTHER RECEIVABLES	2023	2022
	Rupees	
Deposits placed with NCCPL in respect of:		
- Ready market exposure	2,500,000	5,000,000
- DFC exposure	3,500,000	-
- Loss on DFCs	1,525,585	315,345
Other receivables		
- Receivable from NCCPL against profit held on Deliverable Futures Contracts	2,076,756	106,023
- Interest receivable on Treasury bills	4,025,861	-
	13,628,202	5,421,368

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16. CASH AND BANK BALANCES

	Note	2023	2022
		Rupees	
Cash in hand		**83,180**	31,827
Cash at bank			
- current accounts		**696,881**	329,461
- saving account	*16.1*	**47,075,404**	208,348,440
		47,772,285	208,677,901
		47,855,465	208,709,728

16.1 The return on these balances is 8.5% to 12.5% (2022: 6% to 7.5%) per annum on daily product basis.

16.2 As of the reporting date, balances held in clients' accounts amounted to Rs. 32.910 million (2022: Rs. 93.96 million).

17. OPERATING REVENUE

	Note	2023	2022
		Rupees	
Commission income		**23,666,616**	41,235,471
Dividend income		**6,730,191**	1,679,133
Profit on treasury bills		**9,237,323**	304,054
IPO commission		**-**	83,230
		39,634,130	43,301,888

18. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Dealers commission		**3,257,484**	12,433,454
Salaries, benefits and allowances		**15,620,445**	17,547,720
Directors' remuneration	*18.1*	**3,894,875**	5,160,000
PSX, SECP & NCCPL Charges		**4,927,964**	6,143,061
Printing and stationery		**21,650**	40,435
Fees and subscription		**55,100**	144,200
Communication expenses		**917,645**	878,675
Auditors' remuneration - audit fee		**470,000**	425,000
Entertainment expense		**353,946**	281,344
Repair and maintenance		**215,041**	371,890
Depreciation	*9*	**572,575**	574,841
Legal and professional fee		**-**	-
Provision for expected credit losses		**-**	-
Sales tax expense		**-**	-
Trade debts written off		**-**	130,533
Bank charges		**1,269,602**	131,954
Miscellaneous expenses		**150,722**	48,478
		31,727,049	44,311,585

18.1 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, are as follows:

	Chief Executive		Directors		Total	
	2023	2022	**2023**	2022	**2023**	2022
	Rupees					
Managerial remuneration	**2,619,000**	1,920,000	**1,275,875**	3,240,000	**3,894,875**	5,160,000
	2,619,000	1,920,000	**1,275,875**	3,240,000	**3,894,875**	5,160,000
Number of persons	**1**	1	**3**	3	**4**	4

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

18.3 Presently, the Company has no 'executives' as defined in the Fifth Schedule to the Companies Act, 2017.

		2023	2022
		Rupees	
19.	**FINANCE COSTS**		
	Unwinding of director loan	**2,802,686**	2,512,720
20.	**OTHER INCOME**		
	Profit on bank saving account	**11,280,754**	15,164,118
	Profit on cash margin with NCCPL	**1,354,779**	818,961
	Reversal of provision for expected credit losses	**2,299,645**	-
	Workers' Welfare Fund written off	**-**	-
		14,935,178	15,983,079
21.	**TAXATION**		
	Current	**5,015,132**	4,107,203
	Prior	**358,915**	583,417
		5,374,047	4,690,620
21.1	**Relationship of tax expense with accounting profit**		
	Accounting profit / (loss) before tax	**11,026,461**	(16,205,783)
	Tax at the rate of 29% (2022: 29%)	**3,197,674**	-
	Effect of exempt income	**-**	-
	Effect of income chargeable at reduced rate	**1,009,529**	-
	Tax effect of non-deductible expenses	**812,779**	-
	Others	**354,065**	-
		5,374,047	-

21.1.1 The numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax in current year.

21.2 The income tax assessments of the Company have been finalised up to and including the tax year 2022. 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. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel including directors and their close family members and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive and Directors is disclosed in note 18.1 to the financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

22.1 The Company has a practice of not charging any commission from its directors and their spouses / children in respect of trading in securities carried out on their behalf.

Name of the related party, relationship with the Company and the nature of transaction / balance	2023	2022
	Rupees	
KEY MANAGEMENT PERSONNEL		
Mr. Rafiq Bawa (Director)		
Trade payable at year end	-	66,604
Miss. Seema Yousuf (Director)		
Trade payable at year end	**2,225,354**	1,650,398
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Abdus Samad Bawa		
Trade payable at year end	**535,969**	9,646
Hoor Bawa		
Trade payable at year end	**303**	978
Khulood Hanif		
Trade payable at year end	**177,556**	169,066
Khulood Hanif		
Trade payable at year end	**523,455**	3,998,268
Kanwal Hanif		
Trade payable at year end	**143,535**	8,375
Dua Hanif		
Trade payable at year end	**588,251**	390,116
Yasmeen Rafiq Bawa		
Trade payable at year end	**4,388**	-
Muhammad Hanif Bawa		
Trade payable at year end	**8,439**	-
Abdus Samad Bawa		
Trade payable at year end	**535,969**	-

23. FINANCIAL INSTRUMENTS

23.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

- Credit risk
- Liquidity risk
- Market risk

23.1.1 Credit risk

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

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days or more**.

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

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Maximum exposure to credit risk

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

	Note	2023	2022
		Rupees	
Long term deposits		**1,400,000**	2,200,000
Trade debts	*(a)*	**29,207,752**	3,847,746
Receivable against margin financing		**63,763,041**	46,997,718
Deposits and other receivables		**13,628,202**	5,421,368
Bank balances	*(b)*	**47,772,285**	208,677,901
		155,771,280	267,144,733

Note (a) - Credit risk exposure on trade debts

Credit risk of the Company mainly arises from deposits with banks, trade debts, short term deposits, loans 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.

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

	2023		2022	
	Gross Carrying amount	**Life time expected credit losses**	Gross Carrying amount	Life time expected credit losses
		Rupees		
Past due 1-30 days	**27,810,593**	**-**	1,748,633	-
Past due 31-180 days	**674,094**	**-**	742,446	-
Past due 181-365 days	**152,609**	**-**	194,013	-
More than 365 days	**7,870,975**	**7,300,519**	10,762,818	9,600,164
	36,508,271	**7,300,519**	13,447,910	9,600,164

Note (b) - Credit risk exposure on 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:

	Short term rating	Credit rating agency	2023	2022
			Rupees	
Bank Al-Falah Limited	A-1+	PACRA	**15,077**	19,208
Bank Al-Habib Limited	A-1+	PACRA	**47,521,978**	208,377,207
Habib Bank Limited	A-1+	JCR-VIS	**43,509**	89,765
Habib Metropolitan Bank Limited	A-1+	PACRA	**52,835**	52,835
MCB Bank Limited	A-1+	PACRA	**138,886**	138,886
			47,772,285	208,677,901

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, 2023			June 30, 2022		
	Total exposure-Gross	**Concentration**	**% of total exposure**	Total exposure-Gross	Concentration	% of total exposure
			Rupees			
Trade debts	**36,508,271**	**28,974,807**	**79.37%**	13,447,910	8,871,107	65.97%
Bank balances	**47,772,285**	**47,521,978**	**99.48%**	208,677,901	208,377,207	99.86%
		76,496,785			217,248,314	

23.1.2 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The following are the contractual maturities of financial liabilities:

	2023					
	Carrying amount	**Contractual Cash flows**	**Six months or less**	**Six to twelve months**	**One to five years**	**More than five years**
			Rupees			
Non-derivative financial liabilities						
Trade and other payables	**36,566,806**	**(36,566,806)**	**(36,566,806)**	**-**	**-**	**-**
Loan from directors	**27,089,406**	**(64,900,000)**	**-**	**-**	**-**	**(64,900,000)**
	63,656,212	**(101,466,806)**	**(36,566,806)**	**-**	**-**	**(64,900,000)**

	2022					
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
			Rupees			
Non-derivative financial liabilities						
Trade and other payables	100,455,689	(100,455,689)	(100,455,689)	-	-	-
Loan from directors	24,286,720	(64,900,000)	-	-	-	(64,900,000)
	124,742,409	(165,355,689)	(100,455,689)	-	-	(64,900,000)

23.1.3 *Market risk*

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign currency risk

Foreign 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. As of the reporting date, the Company was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

ii) **Price risk**

Price risk represents the risk that the fair value 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 regulatory authorities which reduces the volatility of prices of equity securities. 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 price risk since it had investments in quoted securities and mutual funds and also because the Company held collaterals in the form of equity securities against their debtor balances.

The carrying value of investments subject to 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, the 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.

Sensitivity analysis

The table below summarizes Company's price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. 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 investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices (Rupees)	Hypothetical effect on profit / loss before tax (Rupees)
June 30, 2023	**76,282,896**	**10% increase**	**83,911,186**	**7,628,290**
		10% decrease	**68,654,606**	**(7,628,290)**
June 30, 2022	70,729,498	10% increase	77,802,448	7,072,950
		10% decrease	63,656,548	(7,072,950)

iii) **Interest rate risk**

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

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

	2023	2022	**2023**	2022
	Effective interest rate (%)		**Carrying amounts (Rs.)**	
Financial assets				
Variable rate instruments				
Balance held in saving account	**8.5% - 12.5%**	6%-7.5%	**47,075,404**	208,348,440

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Effect on profit before tax	
	1% increase	**1% (decrease)**
	------------- Rupees -------------	
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instruments	**470,754**	**(470,754)**
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	2,083,484	(2,083,484)

		2023	2022
23.2	**Financial instruments by categories**	**Rupees**	
23.2.1	**Financial assets**		
	At fair value through profit or loss		
	Short term investments	**76,282,896**	70,729,498
	At amortized cost		
	Long term deposits	**1,400,000**	2,200,000
	Short term investments	**79,991,220**	28,265,764
	Trade debts	**29,207,752**	3,847,746
	Receivable against margin financing	**63,763,041**	46,997,718
	Deposits and other receivables	**13,628,202**	5,421,368
	Cash and bank balances	**47,855,465**	208,709,728
		235,845,680	295,442,324
23.2.2	**Financial liabilities**		
	At amortized cost		
	Trade and other payables	**36,566,806**	100,455,689
	Loan from directors	**27,089,406**	24,286,720
		63,656,212	124,742,409

24. FAIR VALUE OF ASSETS AND LIABILITIES

The Company measures fair value of its assets and liabilities using the following fair value 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.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
June 30, 2023		Rupees		
Short term investments	**76,282,896**	-	-	**76,282,896**

	Level 1	Level 2	Level 3	Total
June 30, 2022		Rupees		
Short term investments	70,729,498	-	-	70,729,498

25. CAPITAL RELATED DISCLOSURES

25.1 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.

Following is the capital analysis of what company manages as capital:

	2023	2022
Borrowings:	--------- Rupees -------	
Loan from directors	**64,900,000**	64,900,000
Shareholders' equity:		
Issued, subscribed and paid up capital	**35,000,000**	35,000,000
Unappropriated profits	**159,439,683**	153,787,269
	194,439,683	188,787,269
	259,339,683	253,687,269

The Company is not subject to any externally imposed capital requirements other than the ones specified in notes 25.2 and 25.3 below.

25.2 Capital Adequacy Level

The **Capital Adequacy Level** as defined by the Central Depository Company of Pakistan Limited (CDC) is calculated as follows:

	Note	2023	2022
		--------- Rupees -------	
Total assets	*25.2.1*	**323,780,233**	378,117,954
Less: Total liabilities		**(66,891,449)**	(126,881,584)
Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
Capital Adequacy Level		**256,888,784**	251,236,370

25.2.1 While determining the value of the total assets of the Company, notional value of the TRE certificate as determined by Pakistan Stock Exchange Limited has been considered.

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	3,151,657	3,151,657	-
1.2	Intangible Assets	3,500,000	3,500,000	-
1.3	Investment in Govt. Securities	-	-	-
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	79,991,220	7,999,122	71,992,098
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirenment, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	76,282,896	31,332,407	44,950,489
	ii. If unlisted, 100% of carrying value.	-		-
1.6	Investment in subsidiaries	-	-	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	**Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.**			
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirenments of base minimum capital may be taken in the calculation of LC	1,400,000	1,400,000	-
1.9	Margin deposits with exchange and clearing house.	11,551,446	-	11,551,446
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	5,000,000	5,000,000	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.***)	-	-	-
1.15	**Advances and receivables other than trade Receiveables;**			
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	-	-	-
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	-	-	-
	(iii) In all other cases 100% of net value	-	-	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	2,076,756	-	2,076,756

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. ***i. Lower of net balance sheet value or value determined through adjustments.***	63,763,041	6,944,114	56,818,927
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	-	-	-
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	23,134,217	-	23,134,217
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. ***v. Lower of net balance sheet value or value determined through adjustments***	6,073,535	-	6,073,535
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. ***vi. Lower of net balance sheet value or value determined through adjustments***	-	-	-
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietory accounts	14,862,243	-	14,862,243
	ii. Bank balance-customer accounts	32,910,042	-	32,910,042
	iii. Cash in hand	83,180	-	83,180
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 alloted or are not included in the investments of securities broker.	-	-	-
	(ii) In case of Investment in IPO where shares have been alloted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.	-	-	-
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.	-	-	-
1.20	**Total Assets**	323,780,233		264,452,933
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	32,907,977	-	32,907,977

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	363,882	-	363,882
	ii. Accruals and other payables	3,658,829	-	3,658,829
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	2,871,355	-	2,871,355
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	27,089,406	-	27,089,406
	ii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	iii. Staff retirement benefits			
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nill in all other cases	-	-	-
2.4	**Subordinated Loans**			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:	-	-	-
2.5	**Advance against shares for Increase in Capital of Securities broker:**			
	100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
2.6	**Total Liabilites**	66,891,449		66,891,449
3. Ranking Liabilities Relating to :				
3.1	**Concentration in Margin Financing**			
	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities	-	49,058,129	49,058,129
3.2	**Concentration in securites lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
	Net underwriting Commitments			
3.3	**(a) in the case of right issuse :** if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment	-	-	-
	(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 cuurency 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 securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
	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	-	-	-
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
	Short selll positions			
3.10	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietory 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 Liabilites**	-	-	49,058,129

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25.3.1 This includes investment in money market mutual funds amounting to Rs. 5,982,983 (with a haircut / adjustment of 15%) which can be redeemed at any time and therefore, have been considered as liquid for the purpose of Liquid Capital.

26. GENERAL

26.1 Number of employees

Number of persons employed by the Company as on the year end were 18 (2022: 18) and average number of employees during the year were 18 (2022: 18).

26.2 Date of authorization of financial statements for issue

These financial statements were approved by the Board of Directors of the Company in their meeting held on October 6, 2023.

26.3 Level of rounding

All the figures in the financial statements have been rounded off to the nearest rupee.

Chief Executive

Director