

**STANDARD CAPITAL SECURITIES
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Independent Auditor's Report
To the members of Standard Capital Securities (Private) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Standard Capital Securities (Private) Limited**, ("the Company") which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss, comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in for Director's Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 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 is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other 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; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Mohammad Tanvir.


Chartered Accountants

Karachi:

Dated: October 07, 2023

UDIN: AR202310225C6Dwn72d0

Standard Capital Securities (Private) Limited
Statement of Financial Position
As at Jun 30, 2023

	Note	2023	2022
-----Rupees-----			
ASSETS			
Non-Current assets			
Property and Equipment	4	56,468,312	42,999,924
Advance for PMEX Office Premises	5	2,500,000	2,500,000
Intangible Assets	6	2,750,000	2,750,000
Long Term Investments	7	2,965,461	4,099,550
Long Term loan to employees	8	808,860	564,900
Long Term Deposits	9	21,144,200	21,144,200
		86,636,833	74,058,574
Current Assets			
Trade Receivables	10	95,038,582	75,270,598
Loans and Advances	11	14,915,796	6,525,503
Trade Deposits, Prepayments & Other Receivable	12	239,786,467	363,723,011
Sales tax on service		289,828	123,181
Short Term Investments	13	176,191,758	305,638,334
Cash and Bank Balances	14	40,653,558	31,873,667
		566,875,989	783,154,294
TOTAL ASSETS		653,512,822	857,212,868
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
20,000,000 (2022: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, Subscribed and Paid-up Capital	15	197,800,000	117,800,000
Reserves and Unappropriated Profit		80,077,042	115,457,509
		277,877,042	233,257,509
Loan from sponsoring director - Equity Contribution	16	70,000,000	70,000,000
		347,877,042	303,257,509
NON - CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	17	2,122,447	2,942,124
CURRENT LIABILITIES			
Trade and Other Payables	18	251,265,603	459,373,453
Accrued Markup	19	44	-
Current portion of liability against subject to finance lease	17	836,695	770,908
Short Term Borrowings -secured	20	49,426,566	89,010,827
Provision for Taxation - net of payments		1,984,425	1,858,047
		303,513,333	551,013,235
Contingencies and commitments	21	-	-
		653,512,822	857,212,868

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

Signature

Chief Executive

Signature

Director

Standard Capital Securities (Private) Limited
Statement of Profit or Loss
And Other Comprehensive Income
For The Year Ended Jun 30, 2023

	Note	2023	2022
		-----Rupees-----	
Operating Revenues - net	22	110,926,450	131,112,722
Unrealized (Loss) / Gain on re-measurement of short term investment at fair value through profit or loss	13.1	(1,346,819)	13,403,538
Capital (Loss) on short term investments		(51,123,553)	(182,640,222)
		58,456,078	(38,123,962)
Administrative and Operating Expenses	23	57,271,083	68,132,874
Other Expenses	24	16,864,306	9,073,637
Finance cost	25	3,005,149	2,174,276
		77,140,538	79,380,787
		(18,684,460)	(117,504,749)
Other Income	26	271	823,804
(Loss) before taxation		(18,684,189)	(116,680,945)
Provision for taxation	27	(12,159,920)	(2,548,334)
(Loss) after taxation		(30,844,109)	(119,229,279)
Other Comprehensive Income:			
Items re-classifiable to statement of profit or loss			
(Loss) on remeasurement of investments at fair value through other comprehensive income		(4,536,358)	(19,363,672)
		(4,536,358)	(19,363,672)
Total Comprehensive (Loss)		(35,380,467)	(138,592,951)

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

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Chief Executive



Director

Standard Capital Securities (Private) Limited
Statement of Changes in Equity
For The Year Ended Jun 30, 2023

	Issued, Subscribed and Paid up Capital	Unappropriated Profit	Fair value gain on investment at fair value through comprehensive income	Total	Loan from director & sponsor - Equity Contribution	Total
	-----Rupees-----					
Balance as at July 01, 2021	117,800,000	218,288,579	35,761,881	254,050,460	70,000,000	441,850,460
Total Comprehensive Income for the year	-	(119,229,279)	(19,363,672)	(138,592,951)	-	(138,592,951)
Balance as at June 30, 2022	117,800,000	99,059,300	16,398,209	115,457,509	70,000,000	303,257,509
Right shares issued during the year	80,000,000	-	-	80,000,000	-	80,000,000
Total Comprehensive Income for the year	-	(30,844,109)	(4,536,358)	(35,380,467)	-	(35,380,467)
Balance as at June 30, 2023	<u>197,800,000</u>	<u>68,215,191</u>	<u>11,861,851</u>	<u>160,077,042</u>	<u>70,000,000</u>	<u>347,877,042</u>

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

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Chief Executive

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Director

Standard Capital Securities (Private) Limited
Statement of Cash Flows
For The Year Ended Jun 30, 2023

	Note	2023	2022
-----Rupees-----			
Cash flows From Operating activities			
Cash flow from operations	28	(116,126,604)	(124,204,386)
Finance cost paid		(3,005,105)	(3,319,624)
Income tax paid		(12,033,542)	(12,774,773)
Net (Increase) in long term loan to employees		(8,600,992)	(271,800)
(Increase) in Long term deposits		-	(17,804,200)
Net Cash (used in) /generated from operating activities		<u>(139,766,243)</u>	<u>(158,374,783)</u>
Cash flows From Investing Activities			
Additions to Property and Equipment		(15,813,203)	(15,245,452)
Sale proceed from disposal of property and equipment		-	421,000
Net decrease in Short term investments		124,697,488	167,832,995
Net Cash (used in)/generated from investing activities		<u>108,884,285</u>	<u>153,008,543</u>
Cash flows From Financing Activities			
Right shares issued during the year		80,000,000	-
Payment of liabilities against assets subject to finance lease		(753,890)	(707,968)
Increase in liabilities against assets subject to finance lease		-	1,521,000
Net Cash generated from Financing Activities		<u>79,246,110</u>	<u>813,032</u>
Net (decrease) / increase in cash and cash equivalents		<u>48,364,152</u>	<u>(4,553,208)</u>
Cash and cash equivalent at beginning		(57,137,160)	(52,583,952)
Cash and cash equivalent at end	29	<u><u>(8,773,008)</u></u>	<u><u>(57,137,160)</u></u>

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

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Chief Executive



Director

Standard Capital Securities (Private) Limited

Notes to the Financial Statements

For The Year Ended Jun 30, 2023

1 The Company and its operation

The Company was incorporated under the Companies Act 2017 (repealed Companies Ordinance, 1984) on 17th October, 1998 as a Private Limited Company. The company is principally engaged in the business of securities brokerage. The company has also acquired membership of the National Commodity Exchange Limited. However no business activity has been carried out in this respect so far. The registered office of the company is situated at office number M-34, Mezzanine Floor, Park Tower, Clifton, Karachi.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

2.2 Statement of compliance

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

- International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- provisions of and directives issued under the Companies Act, 2017.

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

2.3 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2022 which are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

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b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.5 Critical Accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumption that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on the historical experience and various factors that are believe to be reasonable under the circumstances. The result of which the basis of making judgment about the carrying amount of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management that have significant effect on the financial statements and estimates with significant probability of material adjustment in future are disclosed hereunder:

- (a) Determining the residual values and useful lives of property and equipment (note 3.1);
- (b) Intangible assets (note 3.3).
- (c) Classification of Investments (note 3.4)
- (d) Impairment loss (note 3.5)
- (e) Recognition of taxation and deferred taxation (note 3.6);
- (f) Impairment of financial and non- financial assets (note 3.14):

2.6 Basis of preparation

These financial statements comprise of statement of financial position, Statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows together with explanatory notes forming part thereof and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes, where applicable.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and Equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation on all fixed assets is charged to statement of profit or loss applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life at rates given in note no. 4. Depreciation on addition is charged from the period the asset is available for use up to the period prior to its disposal.

Maintenance and normal repairs are charged to statement of profit or loss, as and when incurred. Gain or loss on disposal of property and equipment is recognized as income or loss in the year of disposal.

3.2 Capital work in Progress:

Capital work in progress, if any, is stated at cost.

3.3 Intangible assets

Intangible asset is recognized as an asset if it is probable that future economic benefit attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Trading Right Entitlement Certificate

Trading Right Entitlement Certificate is stated at cost of acquisition less impairment. In the previous year upon demutualization of the Pakistan Stock Exchange Limited the changes effected has been recorded which are stated in respective notes.

3.4 Investments

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term are classified as investments at fair value through profit or loss. These are recognized initially at cost being the fair value of the consideration given. Subsequently, these are re-measured at fair values representing prevailing market prices. Resulting gain or loss is recognized in the statement of profit or loss.

Investment at fair Value through Other Comprehensive Income

Other investments not covered in any of the above categories are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on fair value through other comprehensive income are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

3.5 Trade Receivables

Trade receivables originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An expected credit loss is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the trade receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

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3.6 Taxation

Current :

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax, or alternate corporate tax whichever is higher.

Deferred :

The Company accounts for deferred taxation arising on all temporary differences by using the liability method. Deferred income tax assets are recognized to the extent, it is probable that taxable profit will be available against which, the deductible temporary differences, unused tax losses and tax credits, can be utilized.

3.7 Trade and other payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for good and services.

3.8 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.9 Financial instruments

Initial measurement of financial asset

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

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

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Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade receivables, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

3.10 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents consist of cash in hand and balances with banks and less short term borrowings.

3.12 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.13 Borrowings

Borrowings are recorded at the amount of proceeds received.

3.14 Impairment

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

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3.15 Revenue recognition

- a) Commission revenue arising from sales / purchase of securities on client's behalf is recognized on the date of settlement of the transaction by the clearing housing.
- b) Consultancy fees and other income are recognized as and when services are provided or invoiced.
- c) Dividend income is recognized when right to receive is established.
- d) Gains/(Loss) arising on sale of investments through profit or loss are included in the statement of profit or loss in the period in which they arise.
- e) Income from cash exposure margin, web access fees, IPOs/SPOs and profit on debt is recorded on accrual basis.

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	Note	2023	2022
-----Rupees-----			
4 PROPERTY AND EQUIPMENT			
Operating Fixed assets	4.1	18,818,532	21,163,347
Capital work in progress	4.2	37,649,780	21,836,577
		<u>56,468,312</u>	<u>42,999,924</u>

4.1 OPERATING FIXED ASSETS

Net Carrying value basis as at June 30, 2023

	2023						
	Office premises	Furniture and fittings	Computers	Office Equipment	Vehicles - Owned	Vehicles - Leased	Total
-----Rupees-----							
Opening net book value	12,496,877	37,283	103,152	199,105	4,810,236	3,516,694	21,163,347
Depreciation charge	(624,844)	(3,728)	(30,946)	(19,911)	(962,047)	(703,339)	(2,344,815)
Closing net book value	11,872,033	33,555	72,206	179,194	3,848,189	2,813,355	18,818,532

Gross Carrying value basis as at June 30, 2023

Cost	18,910,250	118,810	12,279,022	776,350	9,039,781	4,444,200	45,568,412
Accumulated depreciation	(7,038,217)	(85,255)	(12,206,816)	(597,156)	(5,191,592)	(1,630,845)	(26,749,880)
Net book value	11,872,033	33,555	72,206	179,194	3,848,189	2,813,355	18,818,532
Depreciation rate % per annum	5%	10%	30%	10%	20%	20%	

Net Carrying value basis as at June 30, 2022

	2022						
	Office premises	Furniture and fittings	Computers	Office Equipment	Vehicles - Owned	Vehicles - Leased	Total
-----Rupees-----							
Opening net book value	13,154,607	41,426	147,360	221,228	6,175,325	2,851,667	22,591,613
Addition (at Cost)	-	-	-	-	-	1,544,200	1,544,200
Disposal at NBV	-	-	-	-	(162,529)	-	(162,529)
Depreciation charge	(657,730)	(4,143)	(44,208)	(22,123)	(1,202,559)	(879,173)	(2,809,936)
Closing net book value	12,496,877	37,283	103,152	199,105	4,810,236	3,516,694	21,163,347

Gross Carrying value basis as at June 30, 2022

Cost	18,910,250	118,810	12,279,022	776,350	9,039,781	4,444,200	45,568,412
Accumulated depreciation	(6,413,373)	(81,527)	(12,175,870)	(577,245)	(4,229,545)	(927,506)	(24,405,065)
Net book value	12,496,877	37,283	103,152	199,105	4,810,236	3,516,694	21,163,347
Depreciation rate % per annum	5%	10%	30%	10%	20%	20%	

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	Note	2023	2022
-----Rupees-----			
4.2 CAPITAL WORK IN PROGRESS			
Advance for purchase of office	4.2.1	<u>37,649,780</u>	<u>21,836,577</u>
4.2.1 This represents advance / booking money for purchase of under construction office premises bearing office nos. 21, 20, 50 and 19A situated at Clifton Icon Tower, Clifton Karachi. (Refer note 21.2).			
5 ADVANCE FOR PMEX OFFICE PREMISES			
Advance for purchase of office premises		<u>2,500,000</u>	<u>2,500,000</u>
		<u>2,500,000</u>	<u>2,500,000</u>
6 INTANGIBLE ASSETS			
Membership Entitlements			
Pakistan Stock Exchange Limited TREC	6.1 & 7.1	<u>14,000,000</u>	<u>14,000,000</u>
Less: Impairment loss		<u>(11,500,000)</u>	<u>(11,500,000)</u>
		<u>2,500,000</u>	<u>2,500,000</u>
Pakistan Mercantile Exchange Limited (PMEX)	6.2	<u>250,000</u>	<u>250,000</u>
		<u>2,750,000</u>	<u>2,750,000</u>
6.1 The Company has recorded the value of membership in the PSX at Rs.14 Million as Intangibles. Fair value of the TREC has been re-evaluated and impairment loss has been provided for.			
6.2 This represents the Cost / value of membership in the PMEX and recorded as intangibles.			
7 LONG TERM INVESTMENTS			
Fair value through comprehensive income			
400,738 (2022: 400,738) Shares			
Pakistan Stock Exchange Limited	7.1	<u>4,099,550</u>	<u>8,940,465</u>
Less: Remeasurement loss for the year		<u>(1,134,089)</u>	<u>(4,840,915)</u>
		<u>2,965,461</u>	<u>4,099,550</u>
7.1 Face value of ordinary shares allotted by Pakistan Stock Exchange Limited in lieu of membership of the KSE amounted at Rs.40.074 Million, while the recorded value of the membership card as Intangible asset was Rs. 14 Million (See note 6), subsequently, the company recorded face value of the shares allotted and classified as fair value through other comprehensive income and followed the re-measurement method upon initiation of active market for these shares.			
8 LONG TERM LOAN - Interest free, unsecured			
To other employees		11,213,392	2,612,400
Amount due in twelve months shown under current assets	11	<u>10,404,532</u>	<u>2,047,500</u>
		<u>808,860</u>	<u>564,900</u>
8.1 The above loans are given under the terms of employment.			
8.2 Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is insignificant.			
9 LONG TERM DEPOSITS			
Deposit with Pakistan Stock Exchange Ltd		10,000	10,000
Deposit with CDC Pakistan Ltd		100,000	100,000
Deposit with National Commodity Exchange Ltd		750,000	750,000
Deposit with National Clearing Company of Pak Ltd		1,400,000	1,400,000
Base Minimum Capital - PSX		17,500,000	17,500,000
PMEX Clearing deposit		500,000	500,000
Lease Deposits Money		884,200	884,200
		<u>21,144,200</u>	<u>21,144,200</u>

b/w/a

	Note	2023	2022
-----Rupees-----			
10 TRADE RECEIVABLES			
Considered Good , Unsecured			
Brokerage	10.1, 10.2 & 10.3	67,335,462	63,167,353
Margin Trading		26,224,906	-
Margin Finance		1,478,214	12,103,245
		<u>95,038,582</u>	<u>75,270,598</u>
Considered Doubtful		23,656,235	7,820,649
Allowance for expected credit loss	10.4	(23,656,235)	(7,820,649)
		-	-
	10.5	<u>95,038,582</u>	<u>75,270,598</u>

10.1 This includes amount of Rs. Nil and Rs. 213,850 (2022: Rs. Nil and Rs. 206,070) receivable from Chief Executive and Director respectively against trading exposures.

10.2 The maximum aggregate month end balance due from Chief Executives, directors, sponsors and related parties during the year was Rs. 21,741,274 (2022: Rs. 7,467,046).

10.3 Aging analysis of the amounts due from chief executive, director, sponsors and employees are as follows

2023				
Party Name	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2023
Waqar Ahsan - Director	-	3,560	210,289	213,850
Haroon Chamadia - Sponsor	10,058,797	-	-	10,058,797
Bismah Naushad Chamdia - Family member of CEO	7,084,942	-	-	7,084,942
Mohammad Rafiq - Chief Operating Officer	1,850,294	1,737,639	-	3,587,933
Arsa Naushad - Family member of CEO	-	-	181,469	181,469
Navid Chamdia - Sponsor	13,285	-	-	13,285
Feroza Haroon - Sponsor	-	600	399	999

2022				
Party Name	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2022
Arsa Naushad - Family member of CEO	-	-	181,469	181,469
Waqar Ahsan - Director	-	156,443	49,628	206,071

	Note	2023	2022
-----Rupees-----			
10.4 Expected Credit losses			
Opening		7,820,649	-
Recorded during the year		15,835,586	7,820,649
Closing		<u>23,656,235</u>	<u>7,820,649</u>
10.5 Aging analysis of amount due from clients			
Not exceeding 5 days from trade date		6,291,834	26,166,044
Exceeding 5 days but not exceeding 14 days		22,285,299	3,670,538
		<u>28,577,133</u>	<u>29,836,582</u>
Exceding 14 days against which listed securities held		58,397,325	26,915,154
Value after Hair cut applied on the basis of VAR		<u>54,118,402</u>	<u>23,433,630</u>

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	Note	2023	2022
-----Rupees-----			
11 LOANS AND ADVANCES-Considered good			
Loan to Director	11.1	4,511,264	4,478,003
Current portion of loan and advance to employees due in next twelve months	11.2	10,404,532	2,047,500
		14,915,796	6,525,503
11.1	This represents interest free, unsecured loan to director. The maximum balance at month end was Rs. 12.690 million.		
11.2	The above loans are given under the terms of employment.		
12 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
With NCCPL			
Ready Exposure		160,616,404	231,947,996
Future Exposure		53,835,209	85,554,793
GEM Exposure		100,000	100,000
SLB Market Exposure		-	50,000
MTS Cash Exposure - Financer & Financee		20,000,000	40,000,000
MF Cash Exposure		-	1,300,000
MTS loss concentration margin		1,091,326	3,176,595
Future (Balance retained against future contract)		3,603,482	1,058,638
GEM Loss		500	8,640
Other deposits		378,000	375,000
Prepaid Insurance Premium		161,546	151,349
		239,786,467	363,723,011

blp/ce

	Note	2023	2022
		-----Rupees-----	
13 SHORT TERM INVESTMENTS			
<u>Fair value through profit or loss</u>			
In Listed Shares	13.1.	167,295,367	293,339,674
In Mutual funds	13.2	-	-
		167,295,367	293,339,674
<u>Fair value through other comprehensive income</u>			
1,202,215 (2022: 1,202,215) Shares of			
Pakistan Stock Exchange Limited	7.1	12,298,660	26,821,417
Remeasurement (loss) for the year		(3,402,269)	(14,522,757)
		8,896,391	12,298,660
		176,191,758	305,638,334
13.1 In Listed Shares			
Cost of Investments including MTS.		168,642,186	279,936,136
Remeasurement (Loss) / Gain for the year		(1,346,819)	13,403,538
Net Carrying Values being market values		167,295,367	293,339,674
13.2 In Mutual Funds			
Cost of Investments in Dawood Family Takaful		3,000,000	3,000,000
Less: Impairment loss		(3,000,000)	(3,000,000)
		-	-
Value of shares held in CDC		3,998,084,863	4,034,498,312
Value of shares under pledge		192,082,861	203,316,405
14 CASH AND BANK BALANCES			
Cash in hand		10,672	9,472
Cash at bank - Balances Commodities Trading		35,000	150,000
Cash at bank in current accounts		7,025,526	4,992,183
Cash at bank - Client accounts balances		33,582,360	26,722,012
		40,642,886	31,864,195
		40,653,558	31,873,667
15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
		2023	2022
		197,800,000	11,780,000
		197,800,000	117,800,000
		197,800,000	117,800,000

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Pattern of shareholding Name of share holders	% of Holding		No of shares	
	2023	2022	2023	2022
Mr. Haroon Chamdia	7.14%	12.00%	1,413,078	1,413,078
Mrs. Feroza Haroon	8.34%	14.00%	1,649,200	1,649,200
Mr. Naushad Chamdia	69.51%	48.80%	13,749,016	5,749,016
Mrs. Shazia Mustafa	7.15%	12.00%	1,413,600	1,413,600
Mr. Navid Chamdia	7.15%	12.00%	1,413,600	1,413,600
Others shareholding Less than 5%	0.72%	1.20%	141,506	141,506
	<u>100%</u>	<u>100%</u>	<u>19,780,000</u>	<u>11,780,000</u>

During the year, the Company has issued right shares 8,000,000 at face value of Rs. 10 per share.

16 LOAN FROM SPONSORING DIRECTOR - EQUITY CONTRIBUTION

Loan From Director - Unsecured, interest free 16.1 70,000,000 70,000,000

16.1 This represents loan from Director and repayable at the discretion of the company, hence in accordance with TR-32 issued by Institute of Chartered Accountants of Pakistan (ICAP), the loan has been classified as equity contribution as per Selected Opinions of ICAP.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Balance at the beginning of the year		3,713,032	2,900,000
Lease obtained during the year		-	1,521,000
Repayments during the year		(753,890)	(707,968)
		<u>2,959,142</u>	<u>3,713,032</u>
Less: Current portion shown under current liabilities		(836,695)	(770,908)
		<u>2,122,447</u>	<u>2,942,124</u>

17.1 The amounts of future payments for the lease and the period of their maturity is as follows:

	Minimum Lease Payments (MLP)	Financial Charges	Present value of MLP
Rentals due within one year	1,281,358	444,663	836,695
Rentals due after one year but within three years	2,321,431	198,984	2,122,447
Balance as at June 30, 2023	<u>3,602,789</u>	<u>643,648</u>	<u>2,959,142</u>
	Minimum Lease Payments (MLP)	Financial Charges	Present value of MLP
Rentals due within one year	1,221,138	450,230	770,908
Rentals due after one year but within four years	3,361,042	418,918	2,942,124
Balance as at June 30, 2022	<u>4,582,180</u>	<u>869,149</u>	<u>3,713,032</u>

The Company has entered into lease agreements of various vehicles with JS Bank Limited. Lease rentals are payable in 48 months on monthly basis with a grace period of six months. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit and intends to opt the same. Minimum lease payments have been discounted using rates linked with KIBOR ranging between 25.91% being rates implicit in the lease.

10/10/20

	Note	2023	2022
-----Rupees-----			
18 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients		176,151,128	291,487,401
Accrued Expenses	18.1	7,723,643	19,672,803
Margin Trade System (MTS) unreleased payable		60,903,496	147,719,530
Workers welfare fund		1,028,720	-
Advance against sale of office		5,000,000	-
Other liabilities		458,616	493,719
		<u>251,265,603</u>	<u>459,373,453</u>

18.1 This includes Rs. 371,551 and Rs. 672,645 (2022: Rs. 4,326,040 and Rs. 834,691) payable to Chief Executive and Director respectively.

19 ACCRUED MARKUP

Accrued mark-up on running finance from bank- secured 44 -

20 SHORT TERM BORROWINGS -Secured

Running finance from bank 20.1 49,426,566 89,010,827

20.1 The facilities for running finance available from commercial banks aggregated to Rs. 300 (2022: Rs. 400) million and carry mark-up at the rate 3 month Kibor + 2% spread depending upon timely markup payment (2022: 3 month Kibor + 2%) per annum calculated on daily product basis payable quarterly. These arrangements are secured against pledge/hypothecation of marketable securities, movable assets and personal guarantee of all the director and collaterally secured by charge on immoveable property of a Company. The unutilized facility at year end was Rs. 250.574 million (2022: Rs. 310.990 million).

Value of shares on reporting date under pledge with lending banks - House account	<u>40,479,063</u>	<u>23,870,341</u>
Value of shares on reporting date under pledge with lending banks - CEO & sponsor	<u>108,505,042</u>	<u>132,068,035</u>

21 Contingencies and Commitments

21.1 Guarantee

The Company has furnished as exposure to National Clearing Company of Pakistan Limited bank guarantee issued by JS Bank Limited for Rs. 15 million (2022: Rs.15 million) which is secured by equitable mortgage of Company's property and personal guarantee of Chief executive/ director.

21.2 Contract for Capital Expenditure/Other Commitments

The capital commitment in respect of Office premises at Clifton Icon of Rs. 43,703 million is outstanding at the reporting date. (Note 4.2).

19/12/20

	Note	2023	2022
-----Rupees-----			
22 OPERATING REVENUES - Net			
Gross Brokerage Revenue - Securites Trading	22.1	72,729,433	114,553,019
Return on cash exposure / RMS / MTS / BMC / MF / SLB margin		34,046,267	17,656,047
Return on Margin Financing / MTF		3,785,486	2,922,195
		110,561,186	135,131,261
Less: Tradee's shares in brokerage		(16,925,486)	(25,608,039)
		93,635,700	109,523,222
Dividend income		17,290,750	21,589,500
		<u>110,926,450</u>	<u>131,112,722</u>
22.1 Brokerage revenue:			
From Proprietary trades		2,076,276	3,025,400
From Retail customers		65,958,712	95,839,568
From Institutional customers		4,694,445	15,688,051
		<u>72,729,433</u>	<u>114,553,019</u>
23 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and benefits		28,447,952	39,290,597
Fees and subscription		6,751,999	9,316,190
Communication		3,012,836	2,908,358
Utilities		2,647,256	2,090,820
Office and Computers repairs and maintenance		984,685	1,667,515
Vehicle running expenses		220,410	155,510
Printing and stationery		429,612	360,750
Office equipment and software maintenance		5,074,225	3,096,574
Rent, rates and taxes		2,329,173	1,777,873
Insurance		245,780	234,422
Legal and professional charges		1,482,733	1,630,676
Traveling and conveyance		1,500,000	1,375,000
Entertainment		589,510	554,581
Depreciation	4	2,344,815	2,809,936
Postage & Courier		81,984	35,994
Auditors' Remuneration-Audit Fee		400,000	250,000
Advertisement Expenses		-	152,500
Miscellaneous Expenses		728,113	425,578
		<u>57,271,083</u>	<u>68,132,874</u>
24 OTHER EXPENSES			
Expected credit losses		15,835,586	7,820,649
Workers Welfare Fund		1,028,720	1,252,988
		<u>16,864,306</u>	<u>9,073,637</u>
25 FINANCE COST			
Mark-up on short term running finance from bank		2,143,868	1,436,719
Bank charges and commission		861,281	737,557
		<u>3,005,149</u>	<u>2,174,276</u>

6/13/22

	Note	2023	2022
		-----Rupees-----	
26 OTHER INCOME			
Gain on disposal of property & equipment		-	258,471
Other Income		-	338,706
Income from subscription of new companies		271	226,627
		<u>271</u>	<u>823,804</u>
27 TAXATION			
Current - for the year		12,159,920	14,632,821
Prior year		-	(12,084,487)
	27.1	<u>12,159,920</u>	<u>2,548,334</u>
27.1 In view of deductible temporary differences, net deferred tax asset has not been recognized in view of remote possibility of realization.			
28 CASH FLOWS FROM OPERATION ACTIVITIES			
Loss before taxation		(18,684,189)	(116,680,945)
Adjustments for non - cash charges and other items			
Depreciation	4.1	2,344,815	2,809,936
Unrealized remeasurement loss / (Gain) on investments	13.1	1,346,819	(13,403,538)
Expected credit loss expense	24	15,835,586	7,820,649
(Gain) on disposal of property & equipment		-	(258,471)
Finance cost		3,005,149	2,174,276
		<u>22,532,369</u>	<u>(857,148)</u>
Operating loss before working capital changes		<u>3,848,180</u>	<u>(117,538,093)</u>
Changes in working capital			
Trade receivable		(35,603,570)	87,001,546
Loans and advances		(33,261)	(3,110,200)
Sales tax on service		(166,647)	-
Trade deposits, prepayments & other receivables		123,936,544	67,963,779
		<u>88,133,066</u>	<u>151,855,125</u>
Increase /(Decrease) in Current liabilities			
Trade and other payables		(208,107,850)	(158,521,418)
		<u>(116,126,604)</u>	<u>(124,204,386)</u>
29 CASH AND CASH EQUIVALENTS			
Cash and bank balances		40,653,558	31,873,667
Short term borrowings		(49,426,566)	(89,010,827)
		<u>(8,773,008)</u>	<u>(57,137,160)</u>

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Financial Assets and Liabilities of the company, interest and non interest bearing, along with their maturities are as follows

	2023						Total
	Markup / Interest Bearing			Non Markup / Interest Bearing			
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total	
FINANCIAL ASSETS							
Investments	-	-	-	176,191,758	2,965,461	179,157,219	179,157,219
Trade deposits & other receivable - Note 30.1	234,451,613	-	234,451,613	5,173,308	21,144,200	26,317,508	260,769,121
Loan to employees	-	-	-	14,915,796	808,860	15,724,656	15,724,656
Trade Receivable	-	-	-	95,038,582	-	95,038,582	95,038,582
Bank Balances	-	-	-	40,642,886	-	40,642,886	40,642,886
	234,451,613	-	234,451,613	331,962,330	24,918,521	356,880,851	591,332,464
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	251,265,603	-	251,265,603	251,265,603
Liabilities against assets subject to finance lease	836,695	2,122,447	2,959,142	-	-	-	2,959,142
Short-term borrowing	49,426,566	-	49,426,566	-	-	-	49,426,566
Accrued Markup	-	-	-	44	-	-	-
	50,263,261	2,122,447	52,385,708	251,265,647	-	251,265,603	303,651,311
Bank Guarantee	15,000,000	-	15,000,000	-	-	-	15,000,000
2022							
	Markup / Interest Bearing			Non Markup / Interest Bearing			Total
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total	
FINANCIAL ASSETS							
Investments	-	-	-	305,638,334	4,099,550	309,737,884	309,737,884
Trade deposits & other receivable	358,852,789	-	358,852,789	4,718,873	21,144,200	25,863,073	384,715,862
Trade Receivables	-	-	-	75,270,598	-	75,270,598	75,270,598
Loans to employees	-	-	-	6,525,503	564,900	7,090,403	7,090,403
Bank Balances	-	-	-	31,864,195	-	31,864,195	31,864,195
	358,852,789	-	358,852,789	424,017,503	25,808,650	449,826,153	808,678,942
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	459,373,453	-	459,373,453	459,373,453
Liabilities against assets subject to finance lease	770,908	2,942,124	3,713,032	-	-	-	3,713,032
Short-term borrowing	89,010,827	-	89,010,827	-	-	-	89,010,827
	89,781,735	2,942,124	92,723,859	459,373,453	-	459,373,453	552,097,312
Bank Guarantee	15,000,000	-	15,000,000	-	-	-	15,000,000

30.1 It carries markup ranging from 13% to 17% and whereas for others the effective interest/markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

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31 FINANCIAL INSTRUMENTS

31.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a certain financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management programs focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) under policies approved by the board. The Board provides formal principles for overall risk management, as well as significant policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The information about the company's exposure to each of the above risk, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital, is as follows;

a) **Credit risk and concentration of credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk inter alia by limiting advances and credit to individual customers based on their credit worthiness, obtaining advance against exposure, obtaining collaterals where considered necessary and making appropriate provision for doubtful receivables.

Exposure to credit Risk

Company's credit risk is mainly attributable to loans and advances, balances with banks and financial institutions, and credit exposure to customers, including trade receivables and committed transactions. The maximum exposure of the company to credit risk is as follows:

	2023	2022
	-----Rupees-----	
Investments	179,157,219	309,737,884
Deposits	260,769,121	384,715,862
Long term loan	808,860	564,900
Trade receivables	95,038,582	75,270,598
Loans and advances	14,915,796	6,525,503
Bank Balances	40,642,886	31,864,195
	<u>591,332,464</u>	<u>808,678,942</u>

Loans and advances

These loans and advances are essentially due from employees and are usually adjustable against their salaries. The Company regularly pursues for the recovery of the these and the Company does not expect these employees will fail to meet their obligations. Hence the company believes that no impairment allowance is necessary in respect of loans.

10/12/20

Investments

Investments mainly represents shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential re-measurement differences are instantly recorded.

Trade Receivables

Trade receivables are against client shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential margin are made and recovered. Allowance for expected credit loss has been recorded for doubtful trade receivables.

Deposits

These are given to PSX/NCCPL/PMEX which are prime regulator and enjoys sound creditability.

Bank balances

The company maintains balances with banks that have good and stable credit rating. Given these credit ratings, management does not expect that any counter party will fail to meet their obligations.

b) Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. Contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements, are shown in the Note 30.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management forecasts liquidity risks on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's approach to manage 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 Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

c) Market Risk

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

Foreign exchange / Currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange. The Company is not exposed to the risk.

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Markup rate risk

Markup rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the mark-up rates. The exposure to markup rate risk is mainly arises in respect of variable markup bearing borrowings from banks. The Company's net exposure to markup rate risk is as follows;

	2023	2022
	-----Rupees-----	
Short term borrowings	49,426,566	89,010,827
	<u>49,426,566</u>	<u>89,010,827</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased profit before tax for the year by Rs. 494,266 (2022: Rs. 890,108). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

d) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk. The Company is also exposed to commodity price risk which is managed and mitigated by keeping sufficient exposure from the client's of the brokerage house.

At reporting date if the share price of investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2023	2022
	Rupees	
Effect on profit and investment	16,729,537	29,333,967
Effect on Comprehensive income and investment	<u>1,186,185</u>	<u>1,639,821</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

31.2 Fair value of Financial 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's certain accounting policies and disclosure requires use of fair value measurement and the Company while assessing fair value maximize the use of relevant of observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels;

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- Level 1: Level 1 inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2: Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

As at statement of financial position the fair value of all the financial assets and liabilities approximates to their carrying values. The Company investment in listed shares amounting to Rs. 179.157 million in level 1 and does not expect that unobservable inputs may have significant effect on fair values.

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CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. In order to maintain or adjust capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. Consistent with others in industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of shareholders.

During year the Company's strategy was to maintain gearing. The gearing ratio as at balance sheet date is as follows:

	2023	2022
	-----Rupees-----	
Total markup bearing borrowings	49,426,566	89,010,827
Cash and bank balances	(40,653,558)	(31,873,667)
Net debt	8,773,008	57,137,160
Total equity	347,877,042	303,257,509
Total capital	<u>356,650,050</u>	<u>360,394,669</u>
Gearing ratio	<u>2.46%</u>	<u>15.85%</u>

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33 LIQUID CAPITAL STATEMENT

The Liquid Capital Statement as required under sub rule 6(4) of the Securities Brokers (Licensing & Operation) Regulations, 2016 and schedule III whereof is calculated as follows;

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	56,468,312	56,468,312	-
1.2	Intangible Assets	2,750,000	2,750,000	-
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. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital ii. If unlisted, 100% of carrying value.	179,157,219	42,051,948	137,105,271
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. (i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	21,144,200	19,945,851	1,198,349
1.9	Margin deposits with exchange and clearing house.	235,642,939	-	235,642,939
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	3,329,374	3,329,374	-
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 Receivables; (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 .	15,724,656	15,724,656	
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.	3,603,982	3,603,982	-
	Receivables from customers			

LCB

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.17	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>i. Lower of net balance sheet value or value determined through adjustments.</i>			
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>			
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haricut</i>			
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	4,975,816	-	4,975,816
	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. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	67,893,239	11,649,133	56,244,106
	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. <i>vi. Lower of net balance sheet value or value determined through adjustments</i>	22,169,527	4,794,553	17,374,974
1.18 Cash and Bank balances				
1.18	I. Bank Balance-proprietary accounts	7,060,526	35,000	7,025,526
	ii. Bank balance-customer accounts	33,582,360	-	33,582,360
	iii. Cash in hand	10,672	-	10,672
1.19 Subscription money against investment in IPO/ offer for sale (asset)				
1.19	(i)No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities. (iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut			
1.20	Total Assets	653,512,822	160,352,809	493,160,013
2. Liabilities				
2.1 Trade Payables				
2.1	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products	60,903,496	-	60,903,496
	iii. Payable to customers	176,151,128	-	176,151,128
2.2 Current Liabilities				
2.2	i. Statutory and regulatory dues			
	ii. Accruals and other payables	14,210,979	-	14,210,979
	iii. Short-term borrowings	49,426,610	-	49,426,610
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities			
	vii. Provision for taxation	1,984,425	-	1,984,425
	viii. Other liabilities as per accounting principles and included in the financial statements			

LABAC

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
	Non-Current Liabilities			
	i. Long-Term financing	836,695	-	836,695
2.3	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) Nil in all other cases	2,122,447		2,122,447
	Subordinated Loans			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:	70,000,000	70,000,000	-
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. 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.			
2.6	Total Liabilities	375,635,780		305,635,780
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. (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	1,478,214	1,478,214	1,478,214
	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 (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
	Net underwriting Commitments			
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting 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			

COBAZ

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
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	54,210,000	2,710,500	2,710,500
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	7,311,074	6,984,134	6,984,134
	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	62,999,288	11,172,848	11,172,848

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	493,160,013
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(305,635,780)
(iii) Less: Total ranking liabilities (series number 3.11)	(11,172,848)
	<u>176,351,385</u>

Liquid Capital Allocation

Total Liquid Capital	176,351,385
Pakistan Mercantile Exchange Limited	(2,500,000)
Liquid Capital Allocated to NCCPL/ PSX	<u>173,851,385</u>

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34 **RELATED PARTY TRANSACTION**

The related parties comprised associate undertakings and sponsors. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions. Details of transaction are as follows:

Relationship	Purpose	2023 Amount	2022 Amount
Chief Executive	Shares issued	80,000,000	-
Chief Executive, Director, sponsors and COO	Tradee's shares in brokerage	8,402,139	5,829,430
Chief Executive, Director & employees	Commission income	1,966,904	3,374,202

Outstanding balances, as at reporting date, are disclosed in their respective notes.

35 **REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	Chief Executive		Director		Executives	
	Jun-23	Jun-22	Jun-23	Jun-22	Jun-23	Jun-22
Remuneration allowances	1,900,000	8,230,000	1,201,500	1,189,500	11,540,872	17,001,962
Tradee's shares in brokerage	-	11,199	1,702,227	2,204,491	8,321,303	5,504,111
	<u>1,900,000</u>	<u>8,241,199</u>	<u>2,903,727</u>	<u>3,393,991</u>	<u>19,862,175</u>	<u>22,506,073</u>
Number of persons	1	1	1	1	8	11

36 **NO OF EMPLOYEES**

	Jun-23	Jun-22
As on reporting date	<u>38</u>	<u>40</u>
Average during the year	<u>35</u>	<u>43</u>

The Company is in the process of employees retirement benefit policy which is under the process of implementation.

37 **DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue by the Board of Directors on 07 OCT 2023

38 **GENERAL**

Figures have been rounded off to the nearest rupee.

(Signature)

(Signature)
Chief Executive

(Signature)
Director