# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF B & B SECURITIES (PRIVATE) LIMITED
# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## *Qualified Opinion*

We have audited the annexed financial statements of **B & B Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, statement of 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, except for the matters discussed in basis for qualified opinion section of our report, the statement of financial position, statement of profit or loss, statement of 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 profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

## *Basis for Qualified Opinion*

1) With reference to note no. 16.1, the waiver of Director's loan was not intimated to the Securities & Exchange Commission of Pakistan (SECP) as per requirement of "Clause 1 (d) SECP circular 12/ 2019".

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.

## *Emphasis of Matter*

We draw attention to note 9.1 to the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years, relating to provision for trade debts and tax losses. However, uncertainty is attached with the realization of recognized deferred tax asset.

Our opinion is not qualified in respect of these matter.

REANDA

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

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

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

*Responsibilities of Management and Board of Directors for the Financial Statements*

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

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

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

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

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

***Report on Other Legal and Regulatory Requirements***

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

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

*b)* the statement of financial position, the statement of profit or loss and statement of 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 Company's business; and

*d)* No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

*e)* Except for the non-compliance of "Clause 1 (d) SECP circular 12/ 2019", the Company was in compliance with the requirement of section 78 of the Securities Act 2015, section 62 of the Futures Market Act 2016 and the relevant requirements of Securities Brokers (Licensing 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 **Farhan Ahmed Memon.**

Reanda Haroon Zakaria & Co.

**Reanda Haroon Zakaria & Company**
**Chartered Accountants**

**Place:** Karachi
**Dated:** 0 6 OCT 2023

**UDIN:** AR202310147z75QuJlBD

***B & B SECURITIES (PRIVATE) LIMITED***
***STATEMENT OF FINANCIAL POSITION***
***AS AT JUNE 30, 2023***

| | Note | *2023 Rupees* | *2022 Rupees* |
|---|---|---|---|
| ***ASSETS*** | | | |
| **Non-Current Assets** | | | |
| Property and equipment | 4 | **476,470** | 490,695 |
| Intangible assets | 5 | **2,500,000** | 2,500,000 |
| Long term investment | 6 | **7,910,252** | 11,060,615 |
| Long term deposits | 7 | **500,000** | 500,000 |
| Long term advances | 8 | **1,438,162** | 1,438,162 |
| Deferred tax asset | 9 | **2,696,115** | 15,614,823 |
| | | **15,520,999** | 31,604,295 |
| **Current Assets** | | | |
| Short term investments | 10 | **2,691,438** | 9,817,435 |
| Trade debts | 11 | **58,455,916** | 45,595,488 |
| Trade deposits, prepayments and other receivable | 12 | **666,952** | 666,952 |
| Tax refund due from government | 13 | **1,466,955** | 1,340,359 |
| Cash and bank balances | 14 | **955,887** | 1,242,043 |
| | | **64,237,148** | 58,662,277 |
| **Total Assets** | | **79,758,147** | 90,266,572 |
| ***EQUITY AND LIABILITIES*** | | | |
| **Capital and Reserves** | | | |
| **Authorized Share Capital** | | | |
| 17,000,000 (2022 : 17,000,000) Ordinary shares of Rs.10 each | | **170,000,000** | 170,000,000 |
| **Issued, subscribed and paid-up capital** | | | |
| 17,000,000 (2022 : 17,000,000) Ordinary shares of Rs.10 each | 15 | **170,000,000** | 170,000,000 |
| Capital reserve | | **5,705,077** | 8,855,440 |
| Accumulated losses | | **(105,594,670)** | (117,361,415) |
| | | **70,110,407** | 61,494,025 |
| **Long Term Liabilities** | | | |
| Long term loan | 16 | **-** | 5,212,610 |
| **Current Liabilities** | | | |
| Short term borrowings | 17 | **8,164,329** | 20,428,737 |
| Trade and other payables | 18 | **1,483,411** | 2,008,884 |
| Accrued markup | | **-** | 1,122,316 |
| | | **9,647,740** | 23,559,937 |
| **Contingencies and Commitments** | 19 | | |
| **Total Equities and Liabilities** | | **79,758,147** | 90,266,572 |

The annexed notes form an integral part of these financial statements.

*Chief Executive*

*Director*

## *B & B SECURITIES (PRIVATE) LIMITED*
## *STATEMENT OF PROFIT OR LOSS*
## *FOR THE YEAR ENDED JUNE 30, 2023*

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **Revenue** | | | |
| Brokerage income | 20 | **2,488,114** | 7,861,029 |
| Dividend income | | **14,076** | 1,663,626 |
| Capital loss on sale of securities - Net | | **(2,163,469)** | (37,402,469) |
| Unrealized loss on re-measurement of investment | | **(768,756)** | (5,014,614) |
| Unwinding of advances | | - | 130,964 |
| | | **(430,035)** | (32,761,464) |
| **Expenses** | | | |
| Administrative and operating expenses | 21 | **15,200,091** | 13,466,882 |
| Financial charges | 22 | **3,712,303** | 8,356,685 |
| | | **18,912,394** | 21,823,567 |
| Other operating income | 23 | **43,871,000** | 18,343,105 |
| **Profit / (loss) before taxation** | | **24,528,571** | (36,241,926) |
| **Taxation** | | | |
| Current | | **198,672** | 577,096 |
| Prior | | **(355,553)** | (42,526) |
| Deferred | | **12,918,708** | (3,545,202) |
| | | **12,761,827** | (3,010,632) |
| **Profit / (loss) after taxation** | | **11,766,744** | (33,231,294) |

The annexed notes form an integral part of these financial statements.

*Chief Executive*

*Director*

## *B & B SECURITIES (PRIVATE) LIMITED*
## *STATEMENT OF OTHER COMPREHENSIVE INCOME*
## *FOR THE YEAR ENDED JUNE 30, 2023*

| | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|
| Profit / (loss) after taxation | **11,766,744** | (33,231,294) |
| **Other comprehensive income** | | |
| Unrealized loss on investment through OCI | **(3,141,613)** | (13,060,823) |
| Realized loss on investment throgh OCI | **(8,750)** | - |
| **Total comprehensive income / (loss) for the year** | **8,616,381** | (46,292,118) |

The annexed notes form an integral part of these financial statements.

*Chief Executive*

*Director*

**B & B SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | | Capital Reserve | | | |
|---|---|---|---|---|---|
| | Issued subscribed and paid up capital | Surplus on revaluation of investments | Subtotal | Accumulated losses | Total |
| | ------------------------- Rupees ------------------------- | | | | |
| **Balance as at July 01, 2021** | 170,000,000 | 21,916,263 | 21,916,263 | (85,724,765) | 106,191,498 |
| Total comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (33,231,294) | (33,231,294) |
| Amortization on Directors' loan | - | - | - | 1,594,645 | 1,594,645 |
| Other comprehensive loss | - | (13,060,823) | (13,060,823) | - | (13,060,823) |
| | - | (13,060,823) | (13,060,823) | (31,636,650) | (44,697,473) |
| **Balance as at June 30, 2022** | **170,000,000** | **8,855,440** | **8,855,440** | **(117,361,415)** | **61,494,025** |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | - | 11,766,744 | 11,766,744 |
| Other comprehensive loss | - | (3,150,363) | (3,150,363) | - | (3,150,363) |
| | - | (3,150,363) | (3,150,363) | 11,766,744 | 8,616,381 |
| **Balance as at June 30, 2023** | **170,000,000** | **5,705,077** | **5,705,077** | **(105,594,670)** | **70,110,407** |

The annexed notes form an integral part of these financial statements.

*Chief Executive*

*Director*

## *B & B SECURITIES (PRIVATE) LIMITED*
## *STATEMENT OF CASH FLOWS*
## *FOR THE YEAR ENDED JUNE 30, 2023*

| | 2023 | 2022 |
|---|---|---|
| ***A. CASH FLOWS FROM OPERATING ACTIVITIES*** | *Rupees* | *Rupees* |
| **Profit / (loss) before taxation** | **24,528,571** | (36,241,926) |
| **Adjustments for non cash items:** | | |
| Depreciation | **88,126** | 88,238 |
| Financial charges | **3,712,303** | 8,356,685 |
| Unrealized loss on re-measurement of investment | **768,756** | 5,014,614 |
| Capital gain on disposal of investment | **2,163,469** | 37,402,469 |
| Director's loan waived | **(13,946,028)** | (7,478,400) |
| Unwinding of advances | - | (130,964) |
| | **(7,213,374)** | 43,252,642 |
| **Operating gain before working capital changes** | **17,315,197** | 7,010,716 |
| **(Increase) / Decrease in Current Assets** | | |
| Trade debts | **(12,860,428)** | (13,148,674) |
| Trade deposits, prepayments and other receivables | - | 13,126,820 |
| **(Decrease) / Increase in current liabilities** | | |
| Trade and other payables | **(493,074)** | (3,390,944) |
| | **(13,353,502)** | (3,412,798) |
| Taxes paid | **(2,114)** | (282,448) |
| Finance charges paid | **(1,886,201)** | (5,247,203) |
| | **(1,888,315)** | (5,529,651) |
| **Net cash generated from / (used in) operating activities** | **2,073,380** | (1,931,733) |
| ***B. CASH FLOWS FROM INVESTING ACTIVITIES*** | | |
| Additions of property, plant and equipment | **(73,900)** | (82,650) |
| Purchase of investments - net | **4,193,772** | 27,097,052 |
| **Net cash generated from investing activities** | **4,119,872** | 27,014,402 |
| ***C. CASH FLOWS FROM FINANCING ACTIVITIES*** | | |
| Long term loan from directors-net | **5,785,000** | 1,500,000 |
| Short term borrowing | **(12,264,408)** | (30,738,737) |
| **Net cash used in financing activities** | **(6,479,408)** | (29,238,737) |
| **Net decrease in cash and cash equivalents (A+B+C)** | **(286,156)** | (4,156,068) |
| **Cash and cash equivalents at the beginning of the year** | **1,242,043** | 5,398,111 |
| **Cash and cash equivalents at the end of the year** | **955,887** | 1,242,043 |

The annexed notes form an integral part of these financial statements.

*Chief Executive*　　　　　　　　*Director*

*B & B SECURITIES (PRIVATE) LIMITED*
*NOTES TO THE FINANCIAL STATEMENTS*
*FOR THE YEAR ENDED JUNE 30, 2023*

## *1 NATURE AND STATUS OF BUSINESS*

B & B Securities (Private) Limited was incorporated in Pakistan as a private company under the Companies Act, 2017, on July 18, 2003, the company is a corporate member of Pakistan Stock Exchange. The company has commenced commercial activities from March 8, 2004 and is primarily engaged in trading and brokerage of listed equities. The registered office of the company is situated at 434, 4th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan.

## *2 BASIS OF PRESENTATION*

### *2.1 Statement of Compliance*

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

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

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

Where provisions 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.

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

### *2.2 Basis of Measurements*

These financial statements have been prepared under Historical cost convention without any adjustments for the effects of inflation or current values except investments, which are stated as per the policy.

These financial statements have been prepared following accrual basis of accountings except for cash flows information.

### *2.3 Functional and presentation currency*

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

### *2.4 Use of estimates and judgments*

The preparation of financial statements is in conformity with the approved financial reporting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results on which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

## 3 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

### 3.1 *Property plant and equipment*

These are stated at cost less accumulated depreciation except assets not in operation, which are stated at cost.

Depreciation is charged using reducing balance method by applying rates specified in the relevant note.

Full year depreciation is charged on the addition during the year whereas on assets deleted, no depreciation is charged in the year of disposal.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Maintained and normal repairs are charged to Profit & Loss Account as and when incurred while cost of major replacements and improvements, if any, are capitalized.

### 3.2 *Impairments*

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairments. If such indication exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. the recoverable amount is higher of the assets fair value less cost to sell and value in use.

### 3.3 *Intangible assets*

Intangible assets are stated at cost less accumulated amortization except assets that are not available for its indefinite use, which are stated at cost. Amortization is charged using straight line method at the rates given in relevant notes to write-off the historical cost of assets over their estimated useful life. In the year of addition full year's amortization is charged.

#### 3.3.1 *Trading right entitlement certificate and Room*

Initially it is stated at notional value by apportioning the value of previous Membership Card among TREC and PSX shares on the basis of proportion of designated values for margin purpose. Subsequent to initial recognition, TREC is valued at value taken for base minimum capital.

### 3.4 *Financial assets*

***Initial Measurement***

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

### *3.5 Investments*

- Investment in Shares of Pakistan Stock Exchange (PSX) are classified as "**At Fair Value - through Other Comprehensive Income**" and is initially measured at cost and is subsequently measured at fair value determined using the market value at each reporting date. Dividends are recognized 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 recognized in other comprehensive income and are never reclassified to the statement of profit or loss

- Investment in Listed Shares other than shares of PSX are classified as **"At Fair Value - Through Profit or Loss"** and is initially measured at cost and is subsequently measured at fair value determined using the market value at each reporting date. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

### *3.6 Settlement date accounting*

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

### *3.7 Trade debts and other receivables*

Trade debts and other receivable are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the company will not be able to collect all amount due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. The receivable in respect of securities sold on behalf of clients are recorded at settlement date of transaction.

### *3.8 Fiduciary assets*

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the company and accordingly are not included in these financial statements.

### *3.9 Cash and cash equivalents*

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks.

### *3.10 Cash and bank balances*

Cash and bank balances are carried at nominal amount.

### *3.11 Impairment of financial assets*

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an mount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward - looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### 3.12 *De-recognition*

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

### 3.13 *Financial liabilities*

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

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

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

### 3.14 *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously

### 3.15 *Borrowing / debt*

Borrowings / debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings / debt under the effective interest method. Markup / profit on borrowings / debt is calculated using the effective interest method and is recognized in the statement of profit or loss.

### 3.16 *Share Capital*

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

### 3.17 *Trade and Other payables*

Trade and other payable are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost using an effective interest method. Trade payable in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due with in one year or less (or in normal operating cycle of the business if longer). If not they are presented as non - current liabilities.

### *3.18 Taxation*

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

### *3.19 Current*

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous year.

### *3.19.1 Deferred*

Deferred tax is recognized using balance sheet method, providing for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

### *3.20 Provisions*

Provisions are recognized when the company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at the each reporting date and adjusted to reflect current best estimate.

### *3.21 Revenue recognition*

- Brokerage income is recognized as and when services are provided.

- Dividend income is recognized at the time of closure of share transfer books of the company declaring dividend. Commission income is recognized on receipt basis.

- Gains / (losses) arising on sale of investment are included in the statement of profit or loss for the period which they arise.

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

- Other income is recognized on receipt basis.

### *3.22 Transactions with related parties*

Transactions with related parties are carried out at arm's length prices.

### 3.23 *Significant accounting judgments and critical accounting estimates / assumptions*

The preparation of financial statements in conformity with approved accounting standards require the management to:-

- Exercise its judgment in process of applying the Company's accounting policies, and

- Use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

***a) Income taxes***

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes.

***b) Property, plant and equipment***

Management has made estimate of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any changes in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

***c) Provision for doubtful debts***

An estimated provision is made against those trade debts having no activity during the current financial year and is considered doubtful by the management where as debts considered bad and irrecoverable are written off when identified.

## 4 PROPERTY AND EQUIPMENT

| *Particulars* | *COST* As at July 01, 2022 | *COST* Additions/ Deletions | *COST* As at June 30, 2023 | *Rate* | *Depreciation* As at July 01, 2022 | *Depreciation* For the year | *Depreciation* As at June 30, 2023 | *Written down value as at June 30, 2023* |
|---|---|---|---|---|---|---|---|---|
| | --------- *Rupees* --------- | | | | ---------------- *Rupees* ---------------- | | | |
| Furniture and fixtures | 268,015 | - | 268,015 | 10% | 228,925 | 3,909 | 232,834 | 35,181 |
| Office equipment | 674,458 | - | 674,458 | 10% | 465,612 | 20,885 | 486,497 | 187,961 |
| Computer equipment | 1,112,795 | 73,900 | 1,186,695 | 20% | 914,369 | 54,465 | 968,835 | 217,860 |
| Vehicles | 1,575,072 | - | 1,575,072 | 20% | 1,530,738 | 8,867 | 1,539,605 | 35,467 |
| ***Rupees - 2023*** | **3,630,340** | **73,900** | **3,704,240** | | **3,139,645** | **88,126** | **3,227,770** | **476,470** |
| *Rupees - 2022* | 3,547,690 | 82,650 | 3,630,340 | | 3,051,406 | 88,238 | 3,139,645 | 490,695 |

## 5 *INTANGIBLE ASSETS*

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Trading Rights Entitlement Certificate | | **2,500,000** | 2,500,000 |

## 6 *LONG TERM INVESTMENT*

*- at fair value through other comprehensive income*

| 2023 Number of Shares | 2022 Number of Shares | | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| **1,068,953** | 1,081,194 | Investment in shares of Pakistan Stock Exchange Limited | **11,060,615** | 24,121,438 |
| - | - | Unrealized gain/(loss) on remeasurement | **(3,150,363)** | (13,060,823) |
| **1,068,953** | 1,081,194 | | **7,910,252** | 11,060,615 |

### 6.1 *Shares in hand*

| | Note | 2023 | 2022 |
|---|---|---|---|
| Long term investment -at fair value through other comprehensive income | 6.2 | **1,068,953** | 1,081,194 |

*6.2* Currently these are not available for trading and are classified as long term investment - at Fair Value through - other comprehensive income

## 7 *LONG TERM DEPOSITS*

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| National Clearing Company of Pakistan Limited | **400,000** | 400,000 |
| Central Depository Company of Pakistan | **100,000** | 100,000 |
| | **500,000** | 500,000 |

## 8 *LONG TERM ADVANCES*

| | 2023 | 2022 |
|---|---|---|
| To employees - considered good | **1,438,162** | 1,307,198 |
| Add: unwinding of advances | | 130,964 |
| | **1,438,162** | 1,438,162 |
| Less: amortization of advances | - | - |
| | **1,438,162** | 1,438,162 |

## 9 *DEFERRED TAX ASSET / (LIABILITY)*

| | 2023 | 2022 |
|---|---|---|
| ***Deferred taxation comprises differences relating to:*** | | |
| ***Credit balance arises due to:*** | | |
| Accelerated tax depreciation | **(28,847)** | (34,593) |
| ***Debit balance arises due to:*** | | |
| Provision for doubtful debt | **913,463** | 13,389,986 |
| Short term investment | **393,795** | 2,259,430 |
| Tax losses | **1,417,704** | 455,271 |
| | **2,696,115** | 16,070,094 |
| Deferred tax not recognized | - | (455,271) |
| | **2,696,115** | 15,614,823 |

*9.1* Deferred tax asset recognised aggregating to Rs. 4.262 million (2022 : Rs. 15.61) million. Deferred tax has recognised as there is no lapse of provision until it is either written off or reversed.

| **10 SHORT TERM INVESTMENTS** | *Note* | *2023 Rupees* | *2022 Rupees* |
|---|---|---|---|
| ***Investment at fair value through profit or loss*** | | | |
| Listed equity securities | | **3,460,194** | 14,832,049 |
| Unrealised gain / (loss) on re - measurement of investment | | **(768,756)** | (5,014,614) |
| | 10.1 | **2,691,438** | 9,817,435 |

### *10.1 Investments in companies - quoted*

| *2023* | *2022* | | | |
|---|---|---|---|---|
| *Number of shares* | | | | |
| - | 600 | AKD Hospitality | - | 90,270 |
| **100** | 100 | Akzo Nobel Pak.XD | - | - |
| **1,113** | 1,613 | Aisha Steel Mills Ltd - Preference Shares | **18,275** | 21,405 |
| - | 1 | Attock Refinery | - | 176 |
| - | 2,500 | Bal.Glass | - | 20,750 |
| **76,000** | 106,000 | Cnergyico PK | **215,840** | 566,040 |
| - | 30,000 | Citi Pharma Ltd | - | 979,200 |
| - | 27,500 | Dewan Cement | - | 148,500 |
| **520,000** | 520,000 | Dewan Salman Fibre Limited - Freeze | - | - |
| **500** | 500 | D.M. Textile Mills Limited | **23,355** | 29,500 |
| - | 100 | EFG Hermes Pak | - | 1,798 |
| - | 232 | Ist.Capital Sec | - | 371 |
| - | 52 | Flying Cement | - | 373 |
| **3** | 3 | Innovative Investment Bank Ltd - Freeze | - | - |
| 1100 | - | KSBP | **99,099** | - |
| **50** | 50 | Metropolitan Steel | **1,485** | 1,268 |
| - | 1 | Netsol Tech. | - | 100 |
| **500** | 21,700 | Octopus Digital | **18,695** | 1,547,427 |
| - | 1 | Oil & Gas Dev. | - | 79 |
| - | 500 | Pakistan Alumin | - | 15,765 |
| - | 120,000 | Pak Elektron | - | 1,906,800 |
| - | 250 | Pervez Ahmed Co. | - | 215 |
| **3,500** | - | GhaniGlobalGlass | **20,440** | - |
| - | 9 | Ghani Value Glas | - | 594 |
| - | 272 | Hascol Petrol | - | 1,148 |
| **1,500** | - | Honda Atlas Cars | **138,540** | - |
| 40,000 | 40,000 | Haji Mohammad Ismail Mills Ltd. - Freeze | - | - |
| - | 209 | Ittehad Chem. | - | 6,243 |
| **5,750** | 7,500 | Image Pakistan Limited | **55,545** | 103,275 |
| - | 500 | Kot Addu PowerXD | - | 13,765 |
| - | 150,000 | K-Electric Ltd. | - | 456,000 |
| - | 500 | Kohinoor Spining | - | 1,610 |
| - | 11,000 | Lotte Chemical | - | 259,820 |
| **249** | 249 | MCB Pakistan Stock Market Fund | **20,889** | - |
| - | 5,000 | Pak Refinery | - | 89,450 |
| - | 246,259 | Pak Stock Exchange | - | 2,519,229 |
| - | 5,000 | P.T.C.L. | - | 34,800 |
| **119,500** | 129,500 | Safe Mix Con.Lt | **2,069,545** | 843,045 |
| - | 500 | Treet Corp | - | 14,590 |
| - | 1,000 | TRG Pak Ltd | - | 77,330 |
| **1,000** | - | Tri-Star Power XD | **9,730** | - |
| - | 50,000 | WorldCall Telecom | - | 66,500 |
| **770,865** | 1,479,201 | | **2,691,438** | 9,817,434 |

### 10.2 *At fair value through OCI - shares of Pakistan Stock Exchange Limited*

| 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|
| *Number of Shares* | | *Rupees* | *Rupees* |
| **1,068,953** | 1,081,194 | **7,910,252** | 11,060,615 |

### 10.3 *Detail of pledged securities with the financial institutions is as follows:*

| | | |
|---|---|---|
| Securities pledged on own account | **2,973,445** | 3,806,282 |
| Securities pledged on account of clients | **2,276,935** | 12,108,046 |
| | **5,250,380** | 15,914,328 |

### 10.4 *Detail of pledged securities with CDC/ NCCPL is as follows:*

| | | |
|---|---|---|
| Securities pledged on own account | **7,426,727** | 16,908,989 |
| Securities pledged on account of clients | **239,000** | 1,835,442 |
| | **7,665,727** | 18,744,431 |

*10.4.1* This represents securities that are pledged with NCCPL/ PSX for meeting ready and future margin requirements.

## 11 TRADE DEBTS

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| ***Unsecured-Considered good*** | | | |
| Due from clients | 11.1 | **28,582,096** | 45,595,488 |
| Unsecured - Considered doubtful | | **33,023,692** | 33,023,692 |
| Less : Provision for doubtful debts | 11.2 | **(3,149,872)** | (33,023,692) |
| | | **29,873,820** | - |
| | | **58,455,916** | 45,595,488 |

### 11.1 *Following amount pertaining to related party of the Company.*

| | | |
|---|---|---|
| Adnan Mehboob | **5,467,151** | 4,249,758 |
| Ahrar Ahmed | **3,150** | 3,150 |
| Fasiha Zareen Shaikh | **2,013** | 2,142 |
| Lal Chand | **7,013** | (55,389) |
| Sonia Waqar | **1,726** | (2,198) |
| Waqar Ahmed | **33,251** | 53,051 |
| Zahida Abrar | **26,185** | 462,907 |
| | **5,540,489** | 4,713,421 |

*11.1.1* The maximum outstanding balance due from related party at the end of any month amounts to Rs. 5.46 (2022: Rs. 4.25) million.

*11.1.2* Total value of securities pertaining to clients' are in their respective CDC sub - accounts amounts to Rs. 24.75 (2022: Rs. 54.38) Million.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| ***11.2 The Movements of the provision for the doubtful debts is as follows:*** | | | |
| ***Opening balance*** | | **33,023,692** | 43,677,844 |
| Reversal during the year | | **(29,873,820)** | (10,654,152) |
| ***Closing balance*** | | **3,149,872** | 33,023,692 |

***11.3 Aging analysis of trade debts***

| | Note | 2023 | 2022 |
|---|---|---|---|
| ***Balance outstanding*** | | | |
| Past due 1 - 14 days | | **6,641,505** | 11,909,182 |
| Past due 15 - 30 days | | **11,170,369** | 4,546,332 |
| Past due 31 - 60 days | | **3,422,749** | 4,632,107 |
| Past due 61 - 90 days | | **499,671** | 12,534,996 |
| Past 90 - 365 days | | **15,269,319** | 11,972,871 |
| 365 days or more | | **24,602,175** | 33,023,692 |
| Less : Provision for doubtful debts | 11.4 | **(3,149,872)** | (33,023,692) |
| | | **58,455,916** | 45,595,489 |

***11.4*** The amount of provision of Rs. 15.02 million (Rs. 33.02 million) is estimated as expected credit loss (ECL).

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| ***12 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES*** | | | |
| ***Trade deposits*** | | | |
| National Clearing Company Limited | | **123,772** | 123,772 |
| ***Advance*** | | | |
| Advance against salary | | **543,180** | 543,180 |
| Advance against IPO | | **-** | - |
| | | **666,952** | 666,952 |

***13 TAXATION - NET***

| | | 2023 | 2022 |
|---|---|---|---|
| ***Opening balance*** | | **1,307,960** | 1,592,481 |
| Add : Tax paid during the year | | **2,114** | 282,448 |
| Less : Provision for taxation | | **156,881** | (534,570) |
| ***Closing balance*** | | **1,466,955** | 1,340,359 |

***14 CASH AND BANK BALANCES***

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cash in hand | | **8,230** | 34,528 |
| Cash at bank in current accounts | | **805,690** | 940,064 |
| Cash at bank in deposits accounts | 14.1 | **141,967** | 267,451 |
| | | **947,657** | 1,207,515 |
| | | **955,887** | 1,242,043 |

***14.1*** The balances in deposits accounts carry markup at the ranging from 6.5% to 10% (2022 : 2.8% to 6.5%).

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **14.2 Bank balance pertains to:** | | | |
| - Clients | | **633,235** | 775,745 |
| - Brokerage house | | **314,422** | 431,770 |
| | | **947,657** | 1,207,515 |

## 15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2023 | 2022 | | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|---|
| *Number of Shares* | | | | | |
| **1,700,000** | 1,700,000 | Issued against cash consideration | 15.1 | **17,000,000** | 17,000,000 |

### 15.1 Pattern of shareholding

| Shareholders holding 5% or more | No. of share holders | Shares held (2023) | Percentage (2023) |
|---|---|---|---|
| Waqar Ahmed | 1 | 4,900,000 | 28.82% |
| Lalchand Lakhwani | 1 | 1,200,000 | 7.06% |
| Vasdave Lakhwani | 1 | 1,200,000 | 7.06% |
| Savantri Bai | 1 | 900,000 | 5.29% |
| Adnan Mehboob | 1 | 4,300,000 | 25.29% |
| Ahrar Ahmed | 1 | 4,500,000 | 26.47% |
| | | **17,000,000** | **100%** |

*15.1.1* The pattern of shareholding is same as previous year.

## 16 LONG TERM LOAN

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| ***Unsecured*** | | | |
| Directors and sponsors | 16.2 | **5,212,610** | 14,139,428 |
| Add: Received during the year | | **5,785,000** | 1,500,000 |
| Add: Unwinding on loan waived | | **2,948,418** | 2,326,300 |
| | | **13,946,028** | 17,965,728 |
| Loan waived during the year | 23 | **(13,946,028)** | (7,478,400) |
| | | - | 10,487,328 |
| Less: Amortization of Loan | | - | (5,717,345) |
| Unwinding of director loan | | - | 442,627 |
| Present value of loan | | - | 5,212,610 |

| | 2023 Rupees | 2022 Rupees |
|---|---|---|

**16.1 *During the year Directors have waived their loan. Following are the details of amounts waived:***

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Adnan Mehboob | **13,946,028** | 4,000,000 |
| Ahrar Ahmed | - | 1,585,200 |
| Waqar Ahmed | - | 1,893,200 |
| | **13,946,028** | 7,478,400 |

*16.2* Due to Waiver of the loan as discussed in Note- 16.1, loan agreement has been Revised. Accordingly the loan will be repaid after 3 years i.e., June 30, 2026. This loan is interest free and it is amortized over a period of 3 years at Company's average borrowing rate during the year June 30, 2023.

## 17 SHORT TERM BORROWINGS

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| ***Secured-from banking companies*** | | | |
| Murabaha finances facility-Dubai Islamic Bank Limited | 17.1 | **3,578,519** | 6,426,025 |
| Murabaha finances facility- Bank Islami Limited | 17.2 | **4,585,810** | 14,002,712 |
| | | **8,164,329** | 20,428,737 |

*17.1* The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 6 months KIBOR + 2.5% (2022 : 6 months KIBOR + 2.5%). Total aggregate sanctioned limit is Rs. 30 million (2022 : 30 million) and unavailed facility is Rs. 26.42 million (2022 : Rs. 23.57 million).

*17.2* The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 6 months KIBOR + 2.5% (2022 : 3 months KIBOR + 2.5%). Total aggregate sanctioned limit is Rs. 30 million (2022 : Rs. 30 million) and unavailed facility is Rs. 25.41 million (2022 : Rs. 15.99 million).

## 18 TRADE AND OTHER PAYABLES

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Due to clients | **630,581** | 771,556 |
| Accrued expenses | **722,713** | 1,224,502 |
| With holding tax payable | **130,117** | 12,826 |
| | **1,483,411** | 2,008,884 |

## 19 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments binding on the Company as on the reporting date.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **20 *BROKERAGE INCOME*** | | | |
| Gross commission | | **2,732,229** | 8,684,111 |
| Services tax | | **(244,116)** | (823,083) |
| | | **2,488,114** | 7,861,029 |
| Commission to dealers & agents | | **-** | - |
| | 20.1 | **2,488,114** | 7,861,029 |
| ***20.1 Brokerage commission pertains to*** | | | |
| Retail customers | | **2,488,114** | 7,861,029 |
| **21 *ADMINISTRATIVE AND OPERATING EXPENSES*** | | | |
| Salaries, allowances and other benefits | | **5,371,000** | 4,719,500 |
| Director remuneration | 24 | **5,000,000** | 3,900,000 |
| Service and transaction charges | | **852,383** | 1,563,021 |
| Travelling and Conveyance | | **64,850** | 40,600 |
| Postage, telephone and telegraph | | **188,250** | 207,310 |
| Internet Bill | | **169,400** | 164,354 |
| Repair and maintenance | | **601,573** | 574,184 |
| Utilities | | **227,740** | 240,515 |
| Printing and stationery | | **91,100** | 57,060 |
| Fee and subscription | | **110,000** | 115,850 |
| Legal and professional charges | | **137,000** | 181,390 |
| Audit fees | 21.1 | **499,800** | 605,000 |
| Entertainment | | **668,772** | 531,157 |
| Charity and donations | | **626,626** | 385,488 |
| Depreciation | | **88,126** | 88,238 |
| Miscellaneous | | **490,971** | 83,000 |
| Billing Invoice | | **12,500** | 10,215 |
| | | **15,200,091** | 13,466,882 |
| ***21.1 Audit fees*** | | | |
| Statutory audit | | **462,000** | 420,000 |
| ***Certifications*** | | | |
| Net capital and Liquid Capital | | **-** | 147,200 |
| Assets Segregation | | **37,800** | 37,800 |
| | | **499,800** | 605,000 |
| **22 *FINANCIAL CHARGES*** | | | |
| Short term borrowing - Murabaha Facility | | **634,507** | 5,267,431 |
| Unwinding of Directors loan | | **2,948,418** | 2,768,927 |
| Bank charges | | **110,378** | 280,623 |
| Non Delivery Charges | | **19,000** | 39,704 |
| | | **3,712,303** | 8,356,685 |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **23 OTHER OPERATING INCOME** | | | |
| ***Income from financial assets*** | | | |
| Interest income | | 1,034 | 265 |
| Other income | | 50,118 | 210,288 |
| Reversal of provision | | 29,873,820 | 10,654,152 |
| Directors' loan waived | 16 | 13,946,028 | 7,478,400 |
| | | 43,871,000 | 18,343,105 |

| **24 REMUNERATION OF CHIEF EXECUTIVE** | 2023 | | 2022 | |
|---|---|---|---|---|
| | Directors | Chief Executive | Directors | Chief Executive |
| | ------------------ Rupees ------------------ | | | |
| Remuneration | - | 5,000,000 | - | 3,900,000 |
| Number of person(s) | - | 1 | - | 1 |

*24.1* In addition to the above the Chief Executive is also provided with free use of company maintained vehicle and reimbursement of few expenses.

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **25 FINANCIAL INSTRUMENTS BY CATEGORY** | | |
| ***Financial Assets*** | | |
| ***Investment - At fair value through other comprehensive income*** | | |
| Long term investment | 7,910,252 | 11,060,615 |
| ***Investment - at fair value through other profit and loss*** | | |
| Short term investments | 2,691,438 | 9,817,435 |
| ***Loans and receivables*** | | |
| Long term advances | 1,438,162 | 1,438,162 |
| Long term deposits | 500,000 | 500,000 |
| Trade debts | 58,455,916 | 45,595,488 |
| Trade deposits | 123,772 | 123,772 |
| Cash and bank balances | 955,887 | 1,242,043 |
| | 61,473,737 | 48,899,465 |
| | 72,075,427 | 69,777,515 |
| ***Financial Liabilities*** | | |
| ***Financial liabilities - at amortized cost*** | | |
| Long-term loans | 5,212,610 | 10,016,728 |
| Short term borrowings | 20,428,737 | 51,167,473 |
| Accrued markup | 1,122,316 | 782,267 |
| Trade and other payables | 2,008,884 | 5,399,828 |
| | 28,772,547 | 67,366,296 |

## 26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 26.1 Risk Management Policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances 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.

### 26.2 Credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and cash and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows: -

| | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|
| Long term investment | **7,910,252** | 11,060,615 |
| Short term investments | **2,691,438** | 9,817,435 |
| Long term advances | **1,438,162** | 1,438,162 |
| Long term deposits | **500,000** | 500,000 |
| Trade debts | **58,455,916** | 45,595,488 |
| Trade deposits | **666,952** | 666,952 |
| Bank balances | **955,887** | 1,242,043 |
| | **72,618,607** | 70,320,695 |

All the trade debtors at balances sheet date are domestic parties and management expects that overdue receivables will be recovered soon and provision of Rs. 33.02 million is sufficient in respect of doubtful debt.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

*Concentration of credit risk*

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

## 26.3 *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

| | 2023 | | | |
|---|---|---|---|---|
| | Carrying Amount | Contractual Cash Flows | Contractual Cash Flows | Less than one year |
| | ---------- Rupees ---------- | | | |
| **Financial Liabilities** | | | | |
| Long term loans | - | 8,161,028 | 8,161,028 | - |
| Short term borrowings | 20,428,737 | - | (20,428,737) | (20,428,737) |
| Accrued markup | 1,122,316 | - | (1,122,316) | (1,122,316) |
| Trade and other payables | 2,008,884 | - | (2,008,884) | (2,008,884) |
| | 23,559,937 | 8,161,028 | (15,398,909) | (23,559,937) |

| | 2022 | | | |
|---|---|---|---|---|
| | Carrying Amount | Contractual Cash Flows | Contractual Cash Flows | Less than one year |
| | ---------- Rupees ---------- | | | |
| *Financial Liabilities* | | | | |
| Long term loans | 5,212,610 | 8,161,028 | 8,161,028 | - |
| Short term borrowings | 51,167,473 | - | (51,167,473) | (51,167,473) |
| Accrued markup | 782,267 | - | (782,267) | (782,267) |
| Trade and other payables | 5,399,828 | - | (5,399,828) | (5,399,828) |
| | 62,562,178 | 8,161,028 | (49,188,540) | (57,349,568) |

## 26.4 *Market risk*

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

### a) *Currency risk*

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company believes that it is not exposed to any significant level of currency risk.

### b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | *Effective Rate* | | *Carrying amount* | |
| | *(In percent)* | | *Rupees* | |
| ***Financial liabilities*** | | | | |
| ***Variable rate instrument*** | | | | |
| Short term borrowings | **3M KIBOR 2.5%** | 3M KIBOR 2.5% | **8,164,329** | 20,428,737 |

***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) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

| | *Profit and loss* | |
|---|---|---|
| | *100 bp Decrease* | *100 bp Decrease* |
| ***As at June 30, 2023*** | | |
| Cash flow sensitivity - variable rate financial liabilities | **(81,643)** | **81,643** |
| *As at June 30, 2022* | | |
| Cash flow sensitivity - variable rate financial liabilities | (204,287) | 204,287 |

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

### c) Price Risk

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

***- Sensitivity analysis***

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below.

| | 2023 | 2022 |
|---|---|---|
| | *Rupees* | *Rupees* |
| ***Effect on profit*** | | |
| Increase / Decrease | **770,865** | 1,479,201 |

## 27 TRANSACTIONS WITH RELATED PARTIES

Related parties comprises associated companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

| *Relation with the Company* | *2023 Rupees* | *2022 Rupees* |
|---|---|---|
| ***Directors / Sponsors*** | | |
| ***- Brokerage commission on transactions*** | | |
| Adnan Mehboob | **5,467,151** | 1,254,626 |
| Fasiha Zareen Shaikh | **2,013** | 110,844 |
| Lal Chand | **7,013** | 133,606 |
| Sonia Waqar | **1,726** | 7,719 |
| Vishangir | **9,302,239** | 3,223,223 |
| Zahida Abrar | **26,185** | 44,956 |
| | **14,842,728** | 4,774,974 |
| ***Long term loan from directors and sponsors as at June 30,*** | | |
| Adnan Mehboob | - | 10,661,028 |
| Ahrar Ahmed | - | 1,585,200 |
| Waqar Ahmed | - | 1,893,200 |
| | - | 14,139,428 |

Year end balances are mentioned in relevant notes.

The above transactions are at arm's length basis on commercial terms and conditions.

## 28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

***Capital risk management***

The Company monitors capital using a gearing ratio, which is net debt divided by total capital which is the sum of equity and net debt. Equity comprises of share capital, capital and revenue reserves. Net debt is arrived at by deducting cash and bank balances from borrowings. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios worked out as follows: -

| | *2023 Rupees* | *2022 Rupees* |
|---|---|---|
| Total borrowings | **8,164,329** | 20,428,737 |
| Cash and bank balances | **(955,887)** | (1,242,043) |
| ***Net debt*** | **7,208,442** | 19,186,694 |
| ***Total equity*** | **70,110,407** | 61,494,025 |
| ***Total capital*** | **77,318,849** | 80,680,719 |
| ***Gearing ratio*** | **9.32%** | 23.78% |

## 29 NET CAPITAL BALANCE AS OF JUNE 30, 2023

| | Note | 2023 Rupees | |
|---|---|---|---|
| ***CURRENT ASSETS*** | | | |
| **Cash in hand and bank balances** | | | |
| Cash in hand | | | 8,230 |
| **Bank Balances** | | | |
| Bank balances pertaining to brokerage house | | | 314,422 |
| Bank balances pertaining to clients | | 633,235 | |
| House balance | | - | |
| Bank balance restricted to trade creditors | | | 633,235 |
| | | | 947,657 |
| | 14 | | 955,887 |
| **Trade Receivables** | | | |
| Receivable From Clients | 11 | 61,605,788 | |
| Less: Overdue for more than 14 days | | (54,964,284) | |
| | | | 6,641,504 |
| **Margin deposited with NCCPL** against exposure ready market | 12 | | 123,772 |
| Securities held on behalf of client where payment has not been received in 14 days | | | 21,790,335 |
| **Investment in listed securities** | | | |
| Securities on the exposure list marked to market | 29.1 | 2,691,438 | |
| Less: 15% discount | | (403,716) | |
| | | | 2,287,722 |
| **Total Current Assets** | A | | 31,799,220 |
| ***CURRENT LIABILITIES*** | | | |
| **Trade Payable** | | | |
| Book values | 18 | | 630,581 |
| Less: over due for more than 30 days | 29.2 | | (28,043) |
| | | | 602,538 |
| Other liabilities | 29.2 | | 9,045,202 |
| **Total Current Liabilities** | B | | 9,647,740 |
| **NET CAPITAL BALANCE** | A minus B | | 22,151,480 |

### *29.1 Securities on the exposure list marked to market*

| | Note | Rupees |
|---|---|---|
| Investment in listed securities | 10 | 2,691,438 |
| Less: shares pledged with PSX against base minimum capital | | - |
| | | 2,691,438 |

### *29.2 Other liabilities*

| | Note | Rupees |
|---|---|---|
| Trade creditors over due more than 30 days | | 28,043 |
| Accrued liabilities | 18 | 852,830 |
| Short term borrowing | 17 | 8,164,329 |
| | | 9,045,202 |

## 30 LIQUID CAPITAL

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 1 | **ASSETS** | | | |
| 1.1 | Property & Equipment | 476,470 | 476,470 | - |
| 1.2 | Intangible Assets | 2,500,000 | 2,500,000 | - |
| 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. | - | - | - |
| | 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 security on the cutoff date as computed by the clearing house for respective security 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) | 10,601,690 | (9,281,914) | 1,319,776 |
| | ii. If unlisted, 100% of carrying value. | - | - | - |
| 1.6 | **Investment in subsidiaries** | | | |
| | 100% of net value. | - | - | - |
| 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.** | | | |
| | 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 | - | - | - |
| 1.9 | Margin deposits with exchange and clearing house. | - | - | - |
| 1.10 | Deposit with authorized intermediary against borrowed securities under SLB. | - | - | - |
| 1.11 | Other deposits and prepayments | - | - | - |
| 1.12 | Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil) | - | - | - |
| | 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties | - | - | - |
| 1.13 | Dividends receivables. | - | - | - |
| 1.14 | Amounts receivable against Repo financing.<br>Amount paid as purchaser under the REPO agreement. *(Securities purchased under repo arrangement shall not be included in the investments.)* | - | - | - |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 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. | - | - | - |
| 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.<br>i. Lower of net balance sheet value or value determined through adjustments. | - | - | - |
| | ii.) Incase receivables are against margin trading, 5% of the net balance sheet value.<br>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,<br>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. | 1,096,384 | - | 1,096,384 |
| | v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of<br>(i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts,<br>(ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.<br>v. Lower of net balance sheet value or value determined through adjustments | 51,819,043 | 438,634 | 16,831,433 |
| | 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;<br>(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.<br>(c) above 90 days 100% haircut shall be applicable.<br>vi. Lower of net balance sheet value or value determined through adjustments | 5,540,489 | 5,540,489 | - |
| 1.18 | **Cash and Bank balances** | | | |
| | I. Bank Balance-proprietory accounts | 314,422 | - | 314,422 |
| | ii. Bank balance-customer accounts | 633,235 | - | 633,235 |
| | iii. Cash in hand | 8,230 | - | 8,230 |
| 1.19 | **Subscription money against investment in IPO / offer for sale (asset)** | | | |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| | (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** | **72,989,962** | **(326,322)** | **20,203,480** |

| | | | | |
|---|---|---|---|---|
| **2** | **LIABILITIES** | | | |
| **2.1** | **Trade Payables** | - | - | - |
| | i. Payable to exchanges and clearing house | - | - | - |
| | ii. Payable against leveraged market products | - | - | - |
| | iii. Payable to customers | 630,581 | - | 630,581 |
| **2.2** | **Current Liabilities** | - | - | - |
| | i. Statutory and regulatory dues | - | - | - |
| | ii. Accruals and other payables | 852,830 | - | 852,830 |
| | iii. Short-term borrowings | 8,164,329 | - | 8,164,329 |
| | iv. Current portion of subordinated loans | - | - | - |
| | v. Current portion of long term liabilities | - | - | - |
| | vi. Deferred Liabilities | - | - | - |
| | vii. Provision for bad debts | - | - | - |
| | viii. Provision for taxation | - | - | - |
| | ix. Other liabilities as per accounting principles and included in the financial statements | - | - | - |
| **2.3** | **Non-Current Liabilities** | - | - | - |
| | i. Long-Term financing | - | - | - |
| | 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.<br>(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:<br>a. The existing authorized share capital allows the proposed enhanced share capital<br>b. Boad of Directors of the company has approved the increase in capital<br>c. Relevant Regulatory approvals have been obtained<br>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.<br>e. Auditor is satisfied that such advance is against the increase of capital. | - | - | - |
| **2.6** | **Total Liabilites** | **9,647,740** | - | **9,647,740** |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 3 | **RANKING LIABILITIES RELATING TO:** | | | |
| 3.1 | **Concentration in Margin Financing** | | | |
| | The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees. | - | - | - |
| 3.2 | **Concentration in securites lending and borrowing** | | | |
| | The amount by which the aggregate of:<br>(i) Amount deposited by the borrower with NCCPL<br>(Ii) Cash margins paid and<br>(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed. | - | - | - |
| 3.3 | **Net underwriting Commitments** | | | |
| | **(a) in the case of right issuse:** if the market value of securites is less than or equal to the subscription price;<br>the aggregate of:<br>(i) the 50% of Haircut multiplied by the underwriting commitments and<br>(ii) the value by which the underwriting commitments exceeds the market price of the securities.<br>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. | - | - | - |
| | **(b) in any other case :** 12.5% of the net underwriting commitments | - | - | - |
| 3.4 | **Negative equity of subsidiary** | | | |
| | The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary | - | - | - |
| 3.5 | **Foreign exchange agreements and foreign currency positions** | | | |
| | 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency | - | - | - |
| 3.6 | **Amount Payable under REPO** | - | - | - |
| 3.7 | **Repo adjustment** | | | |
| | **In the case of financier/purchaser** the total amount receivable under Repo less the 110% of the market value of underlying securites.<br>**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. | - | - | - |
| 3.8 | **Concentrated proprietary positions** | | | |
| | If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security. | - | 206,955 | 206,955 |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 3.9 | **Opening Positions in futures and options** | | | |
| | 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 | - | - | - |
| 3.10 | **Short selll positions** | | | |
| | i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts | - | - | - |
| | ii. Incase of 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** | - | 206,955 | 206,955 |
| | | 63,342,222 | (533,276) | 10,348,785 |

**Calculations Summary of Liquid Capital**

| | | |
|---|---|---|
| (i) | Adjusted value of Assets (serial number 1.20) | 20,203,480 |
| (ii) | Less: Adjusted value of liabilities (serial number 2.6) | (9,647,740) |
| (iii) | Less: Total ranking liabilities (series number 3.11) | (206,955) |
| | | 10,348,785 |

| | 2023 Rupees | 2022 Rupees |
|---|---|---|

## 31 CAPITAL ADEQUACY LEVEL

***The capital adequacy level of the company is as follows:***

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Total assets | **79,758,147** | 90,266,572 |
| Less: Total liabilities | **(9,647,740)** | (28,772,547) |
| Less: Revaluation reserves (created upon revaluation of fixed assets) | - | - |
| **Capital adequacy level** | **70,110,407** | 61,494,025 |

*31.1* While determining the value of total assets of TREC holder, notional value of TRE certificate held by B & B Securities (Private) Limited as at year ended June 30, 2023 as determined by the Pakistan Stock Exchange Limited has been considered.

## 32 NUMBER OF EMPLOYEES

The number of employees as at year end were 9 (2022:11) and average number of employees were 9 (2022:11).

## 33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 OCT 2023 by the Board of Directors of the Company.

## 34 GENERAL

Amount have been rounded off to the nearest rupees.

*Chief Executive*

*Director*