UNCONSOLIDATED FINANCIAL STATEMENTS
OF
KTRADE SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2023

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KTRADE SECURITIES LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **KTRADE SECURITIES LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 and other comprehensive loss, its cash flows and the changes in equity 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 Unconsolidated 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 Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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.

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015 and section 62 of the Futures Act, 2016, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the unconsolidated financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: October 6, 2023

UDIN: AR202310067Tjidb8OFn

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

KTRADE SECURITIES LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	34,877,148	36,088,191
Intangible assets	6	9,179,165	9,750,000
Security deposit	7	3,290,228	8,210,228
Long term investments	8	21,249,700	44,219,950
		68,596,241	98,268,369
CURRENT ASSETS			
Trade debts	9	288,314,652	214,228,807
Advances, deposits and other receivables	10	56,644,441	102,721,635
Short term investments	11	119,005,504	171,394,180
Advance tax		16,340,459	5,261,045
Cash and bank balances	12	150,901,483	203,546,957
		631,206,539	697,152,624
TOTAL ASSETS		699,802,780	795,420,993
EQUITY AND LIABILITIES			
Authorized Share Capital			
50,000,000 (2022: 50,000,000) ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid up capital	13	236,103,910	236,103,910
Capital Reserves			
Share premium		424,168,307	424,168,307
Revaluation surplus / (deficit) on intangible assets		-	-
Deficit on re-measurements of investments		(7,044,589)	(11,190)
Revenue Reserves			
Unappropriated loss		(262,957,316)	(127,812,466)
Advance against issue of shares		395,072	395,072
		390,665,383	532,843,633
NON CURRENT LIABILITIES			
Deferred tax	14	861,266	1,174,634
CURRENT LIABILITIES			
Trade and other payables	15	308,276,131	217,051,329
Short term borrowings	16	-	44,351,397
		308,276,131	261,402,726
EQUITY AND LIABILITIES		699,802,780	795,420,993
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

KTRADE SECURITIES LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Revenue			
Operating revenue	18	86,933,590	129,354,829
Capital gain/ (loss) on sale of listed investments		(48,372,208)	2,117,248
Unrealised gain/ (loss) on remeasurement of investments		500,858	(5,490,746)
		39,062,241	125,981,331
Expenditures			
Administrative and operating expenses	19	(226,052,758)	(272,314,569)
Finance cost	20	(923,368)	(183,242)
		(226,976,126)	(272,497,811)
Other income	21	54,217,351	29,574,212
Loss before taxation		(133,696,534)	(116,942,268)
Taxation	22	(1,448,316)	461,705
Loss for the year		(135,144,850)	(116,480,563)
Loss per share - basic and diluted	23	(5.72)	(5.27)

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

KTRADE SECURITIES LIMITED
UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Loss profit after taxation for the year	(135,144,850)	(116,480,563)
Other comprehensive loss for the year		
Reversal of revaluation surplus on Trading Right Entitlement Certificate (TREC)	-	(1,362,873)
Deferred tax liability on revaluation of Trading Right Entitlement Certificate (TREC)	-	(556,666)
Deficit on re-measurement of investments	(7,044,589)	(938,718)
	(7,044,589)	(2,858,257)
Total comprehensive loss for the year	(142,189,439)	(119,338,820)

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

KTRADE SECURITIES LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

		Capital Reserves			Revenue Reserve		
	Share capital	Share premium	Deficit on re-measurement of investments	Revaluation surplus on intangible asset net off tax	Unappropriated losses	Advance against issue of shares	Total
	Rupees						
Balance as at July 01, 2021	194,996,570	236,718,837	927,528	1,362,873	(11,331,904)	83,343,851	506,017,755
Advance against issue of shares	-	-	-	-	-	145,608,031	145,608,031
Shares allotment during the year against cash	41,107,340	187,449,470	-	-	-	(228,556,810)	-
Profit for the year	-	-	-	-	(116,480,562)	-	(116,480,562)
Other comprehensive income for the year	-	-	(938,718)	(1,362,873)	-	-	(2,301,591)
Total comprehensive income for the year	-	-	(938,718)	(1,362,873)	(116,480,562)	-	(118,782,153)
Balance as at June 30, 2022	236,103,910	424,168,307	(11,190)	-	(127,812,466)	395,072	532,843,633
Balance as at July 01, 2022	236,103,910	424,168,307	(11,190)	-	(127,812,466)	395,072	532,843,633
Loss for the year	-		-	-	(135,144,850)	-	(135,144,850)
Other comprehensive loss for the year	-	-	(7,044,589)	-	-	-	(7,044,589)
Total comprehensive loss for the year	-	-	(7,044,589)	-	(135,144,850)	-	(142,189,439)
Balance as at June 30, 2023	236,103,910	424,168,307	(7,055,779)	-	(262,957,316)	395,072	390,654,194

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

KTRADE SECURITIES LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 STATUS AND NATURE OF BUSINESS

KTrade Securities Limited ("the Company") was incorporated in Pakistan on April 25, 2013 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017. The Company was initially incorporated as a private limited company. Subsequently, the Company changed its status from private limited company to public unlisted company. The registered office of the Company is situated at Room 101 and 105, 1st Floor, New PSX Building, I.I. Chundrigar Road, Karachi. The corporate office of the Company is located at "Office 201-202, 2nd floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi.".

The Company is the subsidiary of Oxford Frontier Capital Limited ("the Holding Company") which holds 59.64% shares of the Company as at June 30, 2023. Oxford Frontier Capital Limited is registered in London (UK) under registration no. 10823644. Registered address of the company is " 3, 31 Emperors Gate, London, UK, SW/ 4JA" The Company holds 85% voting shares in Block Tech Limited ("the Subsidiary") as at June 30, 2023, which is a public unlisted company incorporated in Pakistan and is involved in providing IT services.

The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in the business of dealing of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research, advisory services and dealing in leverage products of the National Clearing Company of Pakistan Limited (NCCPL).

The Company's is principally engaged in the business of dealing of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research, advisory services and dealing in leverage products of the National Clearing Company of Pakistan Limited (NCCPL).

The geographical location of the Company's offices are as follows;

- Pakistan Stock Exchange Office - Karachi	Room # 101 and 105, 1st Floor, New PSX Building, I.I. Chundrigar Road, Karachi.
- DHA Bukhari Commercial 1st floor Office - Karachi	Office 101-102, 1st floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi.

- DHA Bukhari Commercial 2nd floor Office - Karachi	Office 201-202, 2nd floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi.
- DHA Bukhari Commercial 3rd floor Office - Karachi	Office 301-302, 3rd floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi.
- DHA Bukhari Commercial 3rd floor Office - Karachi	Office 401-402, 4th floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi.
- Multan	Office # 16, 4th Floor, Bomanji Square, Plot no. 84/2, Nusrat Road, Multan Cantt, Multan.
- Lahore	Office # M09, 50N Gurumangat Road, Gulberg II, Lahore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements are the separate financial statements of the Company. These unconsolidated 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 (IFRS) 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 of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting 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 of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognised in these unconsolidated financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in future periods are described in the following notes:

- Property and equipment (note 4.1 & 5)
- Trade debts, advances and other receivables (note 4.5, 9 & 10)
- Provision (note 4.9)
- Taxation (note 4.13 & 21)
- Fair value (note 4.3 & 25)

2.3 Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These unconsolidated financial statements are presented in Pak Rupees ("Rupees" or "Rs."), which is the Company's functional and presentation currency.

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the unconsolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmarch Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022

	Effective date (annual periods beginning on or after)
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have material impact on the Company's unconsolidated financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024

	Effective date (annual periods beginning on or after)
Amendments to IAS 7 'Statement of Cash Flows' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale	January 01, 2024

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts.	January 01, 2023

4 SIGNIFICANT ACCOUNTING POLICIES

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

4.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Normal repairs and maintenance are charged to profit or loss, as and when incurred.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains or losses on disposal of property and equipment, if any, are taken to profit or loss.

Depreciation is charged to profit or loss account by applying the straight line method reflecting the pattern in which the economic benefits of the assets are consumed by the Company at the rates specified in note 5. Depreciation on additions is charged for the full month in which an asset is available for use and on deletions up to the month immediately preceding the month of deletion.

The Company reviews the useful lives and residual values of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment (if any). It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation.

4.2 Intangible assets

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the straight line method reflecting the pattern in which the economic benefits of the assets are consumed by the Company at the rates specified in note 5. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization on additions is charged for the full month in which an asset is available for use and on deletions up to the month immediately preceding the month of deletion..

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

Trading Right Entitlement Certificates & Membership cards

These are initially stated at cost. Subsequent to initial recognition, TREC is being carried at revalued amount. TREC do not have definite useful life, therefore, it is not being amortized.

Following the application of IAS 38, the Company's accounting policy for surplus on revaluation of intangibles stands amended as follows:

Increases in the carrying amounts arising on revaluation of intangibles are recognized, net of tax, in other comprehensive income and accumulated in surplus on revaluation of intangibles in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

4.3 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

Regular way purchase of investments are recognized using trade date accounting i.e. , the date on which

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) **Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) **Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognizes loss allowance for Expected Credit Loss (ECL) through general approach on financial assets measured at amortized cost and FVTOCI at an amount equal to 12 months ECL or lifetime ECLs based on significant increase in credit risk except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables;
- other short term receivables; and
- receivables from PMEX and NCCPL.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 180 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

4.4 Off-setting of financial assets and liabilities

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

4.5 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

A receivable is recognized on the trade date as this is the point in time that the Company becomes a party to the contractual provisions of the instrument.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, current accounts held with various banks and deposits placed in profit and loss sharing accounts.

4.7 Revenue recognition

Brokerage income, advisory fees and commission are recognized as and when such services are provided.

Capital gains and losses on sale of investments are included in the profit and loss account in the period in which they arise.

Dividend income is recognized when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

Unrealized gains / (losses) arising on mark to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which they arise.

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

Mark-up income on profit and loss sharing basis bank accounts is recognized on a time proportion basis that takes into account the effective yield.

4.8 Foreign currency transactions

Transactions denominated in foreign currencies are translated to Pak Rupees at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies at reporting date are translated into Pak Rupees at exchange rates ruling on that date. Exchange differences are included in the profit or loss.

4.10 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.11 Earnings per share

Earnings per share is calculated by dividing the profit/loss after tax for the year by the weighted average number of shares outstanding during the year.

4.12 Trade creditors and other liabilities

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

4.13 Dividend and appropriations

Dividend and appropriations to / from reserves are recognized in the period in which these are approved.

4.14 Income tax

Current

The charge for current taxation is based on the taxable income at the rate of taxation after taking into account tax credits, rebates available, if any.

Deferred

Deferred tax is accounted for using the liability method on all temporary difference arising between tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liability is generally recognized for all taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is charged to or credited in the unconsolidated statement of profit or loss and other comprehensive income.

29.1 Net capital balance of the Company

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

Net Capital Balance as at June 30, 2023:

DESCRIPTION	VALUATION BASIS	VALUE (Amount in Rupees)	
CURRENT ASSETS			
Cash in hand	As per book value	32,340	
Cash at bank:			
- Pertaining to brokerage house	As per book value	5,135,071	
- Pertaining to clients	As per book value	145,734,072	
Deposit against exposure and losses with National Clearing Company of Pakistan	As per book value	32,404,177	
Total bank balances	As per book value		183,305,660
Trade Receivable	As per book value	288,314,652	
	Less: overdue for more than 14 days	(98,411,712)	189,902,940
Investment in Listed Securities in the name of broker	Market value	43,878,144	
	Less: 15% discount	(9,156,791)	34,721,353
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	32,041,854	32,041,854
Listed Term Finance Certificates / Corporate			
Bonds	Market value	-	
(Not less than BBB grade)	Less: 10% discount	-	-
Federal Investment Bonds	Market value	-	
	Less: 5% discount	-	-
Treasury bills	Market value	47,934,031	47,934,031
			487,905,838
CURRENT LIABILITIES			
Trade payable	Book value	260,078,940	
	Less: Overdue for more than 30 days	(70,517,283)	189,561,657
Other liabilities	As classified under the generally accepted accounting principles.	48,197,191	48,197,191
Overdue for more than 30 days		70,517,283	70,517,283
			308,276,131
Net Capital Balance as at June 30, 2023			179,629,707

29.2 Computation of Liquid Capital

As at June 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	34,877,148	100.00%	-
1.2	Intangible Assets	9,179,165	100.00%	-
1.3	Investment in Govt. Securities	47,934,031	-	47,934,031
1.4	**Investment in Debt. Securities**	-	-	-
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	43,878,144	9,156,791	34,721,353
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	**Investment in subsidiaries**	21,249,700	100.00%	-
1.7	**Investment in associated companies / undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securitas Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits / basic deposits with the exchanges, clearing house or central depository or any other entity.	1,100,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	32,404,177	-	32,404,177
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	18,530,687	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	4,179,977	-	4,179,977
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo **arrangement shall not be included in the investments.)**	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	11,842,951	-	11,842,951
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	-		-
	iii. Receivables other than trade receivables	47,345,488	100.00%	-
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.	-	-	-
	Claims 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. **i. Lower of net balance sheet value or value determined through adjustments**	5,419,908	812,986	4,606,922
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. **ii. Net amount after deducting haircut**	-	5.00%	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, **iii. Net amount after deducting haircut**	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. **iv. Balance sheet value**	154,071,634	-	154,071,634
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. **v. Lower of net balance sheet value or value determined through adjustments**	94,764,930	-	27,310,375
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. ***vi. Lower of net balance sheet value or value determined through adjustments***	21,482,746	100.00%	2,013,792
1.18	**Cash and Bank balances**			
	i. Bank Balance-proprietary accounts	5,135,071	-	5,135,071
	ii. Bank balance-customer accounts	145,734,072	-	145,734,072
	iii. Cash in hand	32,340	-	32,340
1.19	Total Assets	699,162,169		469,986,695

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	76,501,683	-	76,501,683
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	183,577,256	-	183,577,256
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	1,096,486	-	1,096,486
	ii. Accruals and other payables	8,249,231	-	8,249,231
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	861,266	-	861,266
	vii. Provision for bad debts	1,000,000	-	1,000,000
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	38,242,399	-	38,242,399
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	395,072	-	395,072
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans**			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	**Total Liabilities**	309,923,393		309,923,393
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 finances exceed 10% of the aggregate of amounts receivable from total finances.	5,419,908		5,419,908
3.2	**Concentration in securities lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	**Net underwriting Commitments**			
	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	**Repo adjustment**			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	**Concentrated proprietary positions**			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	2,996,799	-	2,996,799

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	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	35,942,984	-	35,942,984
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
	Short sell positions			
3.10	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total Ranking Liabilities**	44,359,691	-	44,359,691
		344,879,085		115,703,611

30 DISCLOSURES UNDER SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016

Following additional disclosures not elsewhere disclosed in these unconsolidated financial statements are being provided to comply with the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016:

	2023	2022
	---------- (Rupees) ----------	
30.1 Customer assets		
Bank balances in designated bank accounts	145,734,072	188,053,799
Market value of client securities in the Central Depository Company	2,347,918,290	2,145,682,736
30.2 Pledged securities		
Clients Securities pledge with NCCPL 29.2.1	30,054,165	22,260,000
Proprietary securities Pledge with PSX and NCCPL	41,709,578	12,118,540
	71,763,743	34,378,540

28.2.1 These clients securities are pledged with NCCPL against their ready and future exposure demand

31 NUMBER OF EMPLOYEES

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

	2023	2022
Total employees of the company at year end	82	102
Average number of employees during the year	92	112