

SAZ Capital Securities (Private) Limited
Financial Statements
For the year ended
June 30, 2024





SAZ CAPITAL

**SAZ CAPITAL SECURITIES
(PRIVATE) LIMITED
TRE CERTIFICATE HOLDER
PAKISTAN STOCK EXCHANGE**

HEAD OFFICE
607-609 6th Floor,
Pakistan Stock Exchange Building,
Off I.I Chundrigar Road,
Karachi.
Tel: 32437195-98 Fax 32437194

DIRECTOR'S REPORT

On behalf of the Board of Directors I am pleased to present the Annual report together with the company's Audited Financial Statement and Auditors Report for the Financial year ended 30th June 2024. The Summarized results for the year ended 30th June 2024 are as under:

Financial results	2024
Operating Revenue	22,799,077
Profit before Taxation	7,955,562
Taxation	(3,543,268)
Profit after Tax	4,412,294

AUDITORS:

The auditors M/S UHY Hassan Naeem & co retire at the conclusion of the meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Directors appreciate assistance and co-operation extended by customers and employees of the company.

For and on behalf of the Board

Chief Executive

Director

Date: October 07, 2024

Karachi



SAZ CAPITAL

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UNDERTAKING

I, **Muhammad Asif Sultan** Chief Executive Officer of **SAZ Capital Securities (Private) Limited**, a TRE Certificate Holder of Pakistan Stock Exchange Limited having our registered office at Room no 607-608 & 609, 6th floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi, herein after called the "company" do hereby undertake that:

- I. There are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities market laws;
- II. The company is compiled with Corporate Governance Code for Securities Brokers per the criteria specified in Annexure D of Securities Brokers (Licensing and Operations) Regulations, 2016;

Date: October 07, 2024

**Muhammad Asif Sultan
Chief Executive Officer**

INDEPENDENT AUDITOR'S REPORT

To the members of SAZ CAPITAL SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SAZ CAPITAL SECURITIES (PRIVATE) LIMITED** ("the Company"), which comprise the statement of financial position as at **June 30, 2024** and the statement of profit or loss, the statement of changes in equity, and the statement of cash flow for the year then ended, and notes to the financial statements, including a material accounting policy informations, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of changes in equity and statement of cash flow 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 for the year then ended, the changes in equity and its cash flows for the period then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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.

Other Information:

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

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

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.

However, 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 requirement of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enables 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 operation, 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, 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;
- investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- the company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared

The engagement partner on the audit resulting in this independent auditor's report is **Arslan Ahmed**.

Arslan Naeem LL

KARACHI

DATE: October 07, 2024

UDIN: AR202410311S0MhmRieL

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	<i>Note</i>	2024 (Rupees)	2023 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	5,665,562	6,226,859
Investment property	5	2,440,000	2,592,500
Intangible assets	6	2,750,000	2,750,000
Long term investment	7	30,100,147	18,234,438
Long term deposits	8	24,750,000	12,860,000
		65,705,709	42,663,797
CURRENT ASSETS			
Investment at fair value through profit and loss	9	10,540,050	10,037,372
Tax refundable		2,705,567	2,705,567
Trade debts	10	971,597	5,399,174
Advances, deposits, prepayments and other receivables	11	13,441,278	11,445,969
Cash and bank balances	12	807,183,180	158,504,310
		834,841,672	188,092,392
		900,547,381	230,756,189
SHARE CAPITAL AND RESERVES			
Authorized capital	13.1	150,000,000	150,000,000
Share capital			
Issued, subscribed and paid-up capital	13.2	92,500,000	92,500,000
Capital Reserves			
Surplus/(Deficit) - Investment at Fair value through OCI		10,288,207	(1,577,502)
Revenue reserves			
Accumulated Profit/(Loss)		95,285,051	90,872,757
		198,073,258	181,795,255
NON CURRENT LIABILITIES			
Gratuity payable	14	2,850,000	-
CURRENT LIABILITIES			
Trade and other payable	15	699,624,123	48,960,934
CONTINGENCIES AND COMMITMENTS			
	16		
		900,547,381	230,756,189

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


Chief Executive


Director

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2024

	<i>Note</i>	2024 (Rupees)	2023 (Rupees)
Revenue from Contract with Customers	17	22,799,077	8,910,389
Operating and administrative expenses	18	(44,620,789)	(22,989,711)
Other charges		(137,388)	-
Other income	19	29,918,228	9,815,129
Profit/(loss) before income tax, minimum tax differential and final tax		7,959,128	(4,264,193)
Minimum tax - levy	20	-	(111,380)
Final taxes - levy	21	(3,566)	(2,886)
		(3,566)	(114,266)
Profit/(loss) before income tax		7,955,562	(4,378,459)
Income Tax Expense	22	(3,543,268)	594,002
Profit/(loss) after income tax		4,412,294	(3,784,457)

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


Chief Executive


Director

**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024**

	2024 (Rupees)	2023 (Rupees)
Profit/(loss) for the year	4,412,294	(3,784,457)
Other Comprehensive Income/ (Loss)		
Items that will not be subsequently reclassified in profit or loss		
Unrealised gain/ (loss) on revaluation of investments at fair value through other comprehensive income	11,865,709	(4,600,669)
	11,865,709	(4,600,669)
Total Comprehensive Income/(Loss)	<u>16,278,003</u>	<u>(8,385,126)</u>

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



Chief Executive



Director

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Capital Reserves	Revenue Reserves	Total
	Issued, subscribed and paid-up capital	Surplus/(Deficit) - Investment (FVTOCI)	Accumulated Profit/(Loss)	
-Rupees-				
Balance as at June 30, 2022	92,500,000	3,023,167	94,657,214	190,180,381
Profit/(loss) for the year		-	(3,784,457)	(3,784,457)
Other comprehensive loss	-	(4,600,669)	-	(4,600,669)
Balance as at June 30, 2023	92,500,000	(1,577,502)	90,872,757	181,795,255
Profit/(loss) for the year		-	4,412,294	-
Other comprehensive loss	-	11,865,709	-	-
Balance as at June 30, 2024	92,500,000	10,288,207	95,285,051	198,073,258

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

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Chief Executive



Director

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rupees)	2023 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		7,955,562	(4,378,459)
Adjustment for non-cash items:			
Depreciation		1,063,795	1,222,379
Expected credit loss/reversal of expected credit loss		(993,133)	993,133
Adjustment in property and equipment		(350,000)	(220,000)
Capital (gain)/ Loss - on investment at fair value through P&L		(8,495,551)	4,301,602
Gratuity expense		2,850,000	-
Minimum tax - levy		-	111,380
Final taxes - levy		3,566	2,886
		(5,921,323)	6,411,380
Changes in working capital			
(Increase)/Decrease in trade debts		5,420,710	(6,241,176)
(Increase)/Decrease in advances, deposits and prepayments		(1,995,309)	(173,312)
(Increase)/Decrease in long term deposits		610,000	16,500
Increase/(Decrease) in trade and other payable		637,722,923	(4,844,407)
Net changes in working capital		641,758,324	(11,242,395)
Taxes paid		(3,106,568)	(2,064,929)
Net cash generated from operating activities		640,685,995	(11,274,403)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		-	-
Short term investment		7,992,873	(2,892,379)
Net cash generated from investing activities		7,992,873	(2,892,379)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalent		648,678,870	(14,166,782)
Cash and cash equivalent at beginning of the year		158,504,310	172,671,092
Cash and cash equivalent at end of the year		807,183,180	158,504,310

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

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Chief Executive



Director

**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

1 Legal Status and Nature of Business

Saz Capital Securities (Private) limited was incorporated under the repealed Companies Ordinance, 1984 on June 20, 2001 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no 607-608 & 609, 6th floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi and the company does not have any branch office. The principal activities of the Company are investment and share brokerage

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except Investments that are carried at fair value.

2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and have been rounded off to the nearest rupee.

2.4 Use of Estimates and Judgments

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

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

The estimates and judgments that have a significant effect on the financial statements that are in respect of the following:

- Property and equipment (note 4)
- Income Tax Expense (note 23)

2.5 Changes in accounting standards, interpretations and pronouncements

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

The following amendments to published standards are mandatory for the financial year beginning on July 1, 2023 and are relevant to the company.

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(i) IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of changes in equity, the statement of cash flows and earning per share as a result of this change.

Impacts on the Company's statement of profit or loss:

'Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
-----Rupees-----		

For the year ended June 30, 2024

Minimum tax - levy	-	-	-
Final taxes - levy	-	(3,566)	(3,566)
Profit/(loss) before income tax	7,959,128	(3,566)	7,955,562
Income Tax Expense	(3,546,834)	3,566	(3,543,268)

For the year ended June 30, 2023

Minimum tax - levy	-	(111,380)	(111,380)
Final taxes - levy	-	(2,886)	(2,886)
Profit/(loss) before income tax	(4,264,193)	(114,266)	(4,378,459)
Income Tax Expense	479,736	114,266	594,002

(ii) Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments'

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

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

(iii) In addition to the amendments mentioned above, there were certain amendments to accounting and reporting standards which became effective for the company for the current year. However, these are considered not to be relevant or to have any significant impact on the company's financial reporting and therefore have not been disclosed in these financial statements.

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

Following are the amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024.

Description effective for periods		Effective for periods
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2024
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2024
IFRS 16	Leases (Amendments)	January 01, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 01, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 01, 2026

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

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

- IFRS 1 First Time Adoption of International Financial Reporting Standards)
- IFRIC 12 Service Concession Arrangement
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

3 Material Accounting Policy Information

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Taxation

Income tax expense comprises of current, deferred and prior year tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.1.1 Current Tax

Provision for current tax is based on taxable income at the enacted or substantially enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments/ developments made during the year, if any.

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3.1.2 Deferred Tax

Deferred tax is recognized using balance sheet method, in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purpose. The amount of deferred tax provided is based on the expected manner of realization or settlement or the carrying amount of assets and liabilities, using the enacted or substantively enacted rates or taxation.

The company recognizes deferred tax assets to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.2 Minimum Taxes levy

Any excess over the amount designated as income tax under the scope of IAS 12 "Income Taxes", is then recognised as a levy falling under the scope of IFRIC 21/IAS 37. Hence, any excess over the amount designated as income tax under the scope of IAS 12 "Income Taxes" should be classified as Minimum Taxes levy and not income tax in the profit and loss account.

3.3 Final Taxes levy

Any final taxes paid which is not based on the taxable income, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37. Hence, Final tax paid should be classified as Final Taxes levy and not income tax in the profit and loss account.

3.4 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's 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 its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using reducing balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

3.5 Intangible Assets

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

3.5.1 Trading Right Entitlement Certificate (TREC)

This is stated at cost less impairment if any, the carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and when the carrying amount exceeds its estimated recoverable amount, is it written down to its estimated recoverable amount.

3.5.2 Amortization

Intangible assets with indefinite useful lives are not amortized, instead they are systematically tested for impairment at each reporting date. Intangible assets with finite useful lives are amortized at straight line basis over the useful life of the asset (at the rate specified in note 6 to these financial statements).

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3.6 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measure at cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade debts and other receivables considered irrecoverable are written off.

3.7 Provisions

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

3.8 Trade and Other Payable

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.9 Revenue recognition

Brokerage Commission, corporate finance income and other income are recognized as and when services are rendered.

Dividend income is recognized when the right to receive the dividend is established.

Income on continuous funding system transactions and bank deposits is recognized on a time proportionate basis that takes in to account the effective yield.

Mark-up income from investment in margin financing system is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.11 Contingent Liabilities

A Contingent liability is disclosed when the company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the company; or the company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient liability.

3.12 Financial Instruments

3.12.1 Financial Assets

3.12.2 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

Financial assets measured at "Amortized cost"

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

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

Financial assets at "Fair value through other comprehensive income"

A financial asset is classified as at fair value through other comprehensive income when either:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount or,

It is an investment in equity instrument which is designated as at fair value through OCI in accordance with the irrevocable election available to the Company at initial recognition.

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

Financial assets at "Fair value through profit or loss"

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

3.12.3 Subsequent measurement

Debt investments at "Fair value through other comprehensive income"

These assets are subsequently measured at fair value. Interest /markup income calculated using effective interest rate method, and impairment are recognized in the statement of profit and loss account. 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 and loss account.

Equity Investments at "Fair value through other comprehensive income"

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit and loss account 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 classified to the profit and loss account.

Financial asset at "Fair value through profit or loss"

These assets are subsequently measured at fair value. Net gains and losses, including any interest/markup or dividend income, are recognized in the statement of profit and loss account.

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, and impairment are recognized in the statement of profit and loss account.

3.12.4 Non Derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the company becomes party to the respective contractual provisions. Non-derivative financial asset comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The company derecognizes the financial asset. When the contractual rights to the cash flows from the asset expires or it transfers the right to receive the contractual cash flow in a transaction in which substantially all risk and rewards of ownership of the financial assets are transferred or it neither transferred nor retain substantially all the risk and rewards of ownership and does not retain control over the transferred asset.

why

3.12.5 Offsetting of financial assets and financial liabilities

Financial Assets and financial liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset and the company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statement only when permitted by the accounting and reporting standards as applicable in Pakistan.

3.12.6 Financial Liabilities

Financial Liabilities are initially recognized on trade date i.e. the date on which the company becomes party to the respective contractual provisions. Financial Liabilities include markup bearing borrowings and trade and other payables. The company derecognizes the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than fair value through profit and loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

3.12.7 Impairment

Financial assets

The company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial asset measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 month ECLs:

Debt securities that are determined to have low credit risk at reporting date; and

Other debt securities and bank balances 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 allowance for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of 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 in the company's historical experience and informed credit assessment and including forward-looking information.

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

The gross carrying amount of financial asset is written off when the company has no reasonable expectations of recovering of a financial asset in its entirety or a proportion thereof. The company individually makes an assessment with respect to the timing and amount of write-off based on whether there is 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 the recovery of amounts due.

3.13 Non- financial assets

The carrying amounts of company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if such indication exists, the asset's recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together in to smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

3.14 Staff retirement benefits - Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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4 PROPERTY AND EQUIPMENT

	2024					
	Office Building	Office Equipment	Furniture and fixtures	Computers	Motor vehicles	Total
(Rupees)						
As at July 01, 2023						
Cost	6,271,005	1,591,000	600,000	1,494,332	11,756,000	21,712,337
Accumulated depreciation	(6,034,914)	(463,342)	(573,457)	(1,493,302)	(6,920,463)	(15,485,478)
Net book value at the beginning of the year	236,091	1,127,658	26,543	1,030	4,835,537	6,226,859
Changes during the year						
Additions during the year	-	-	-	-	-	-
Adjustment	-	-	-	-	350,000	350,000
Disposals - cost	-	-	-	-	-	-
Depreciation charge for the year	(11,805)	(169,149)	(3,981)	(1,030)	(725,331)	(911,295)
Disposals - Accumulated depreciation	-	-	-	-	-	-
Net book value at the end of the year	224,286	958,509	22,562	-	4,460,206	5,665,564

Analysis of net book value

As at June 30, 2024

	Office Building	Office Equipment	Furniture and fixtures	Computers	Motor vehicles	Total
(Rupees)						
Cost	6,271,005	1,591,000	600,000	1,494,332	12,106,000	22,062,337
Accumulated depreciation	(6,046,719)	(632,491)	(577,439)	(1,494,332)	(7,645,794)	(16,396,775)
Net book value at the end of the year	224,286	958,509	22,561	-	4,460,206	5,665,562
Depreciation rate (% per annum)	5%	15%	15%	30%	15%	

As at July 01, 2022

	Office Building	Office Equipment	Furniture and fixtures	Computers	Motor vehicles	Total
(Rupees)						
Cost	6,051,005	1,591,000	600,000	1,494,332	11,756,000	21,492,337
Accumulated depreciation	(6,022,488)	(264,344)	(568,773)	(1,492,861)	(6,067,133)	(14,415,599)
Net book value at the beginning of the year	28,517	1,326,656	31,227	1,471	5,688,867	7,076,738

Changes during the year

	Office Building	Office Equipment	Furniture and fixtures	Computers	Motor vehicles	Total
(Rupees)						
Additions during the year	-	-	-	-	-	-
Adjustments	220,000	-	-	-	-	220,000
Disposals - cost	-	-	-	-	-	-
Depreciation charge for the year	(12,426)	(198,998)	(4,684)	(441)	(853,330)	(1,069,879)
Disposals - Accumulated depreciation						-
Net book value at the end of the year	236,091	1,127,658	26,543	1,030	4,835,537	6,226,859

Analysis of net book value

As at June 30, 2023

	Office Building	Office Equipment	Furniture and fixtures	Computers	Motor vehicles	Total
(Rupees)						
Cost	6,271,005	1,591,000	600,000	1,494,332	11,756,000	21,712,337
Accumulated depreciation	(6,034,914)	(463,342)	(573,457)	(1,493,302)	(6,920,463)	(15,485,478)
Net book value at the end of the year	236,091	1,127,658	26,543	1,030	4,835,537	6,226,859
Depreciation rate (% per annum)	5%	15%	15%	30%	15%	

5 INVESTMENT PROPERTY

	2024		
	Investment Property	Total	
(Rupees)			
As at July 01, 2023			
Cost	3,050,000	3,050,000	
Accumulated depreciation	(457,500)	(457,500)	
Net book value at the beginning of the year	2,592,500	2,592,500	
	-	-	
Addition during the year	-	-	
Disposals - cost	-	-	
Depreciation for the year	(152,500)	(152,500)	
Disposals - Accumulated depreciation	-	-	
Net book value at the end of the year	2,440,000	2,440,000	

Analysis of Net Book Value

Cost	3,050,000	3,050,000
Accumulated depreciation	(610,000)	(610,000)
Net book value as at June 30, 2024	2,440,000	2,440,000
Rate of amortization per annum (%)	5%	

As at July 01, 2022

Cost	3,050,000	3,050,000
Accumulated depreciation	(305,000)	(305,000)
Net book value at the beginning of the year	2,745,000	2,745,000
Addition during the year	-	-
Disposals - cost	-	-
Depreciation for the year	(152,500)	(152,500)
Disposals - Accumulated depreciation	-	-
Net book value at the end of the year	2,592,500	2,592,500

Analysis of Net Book Value

Cost	3,050,000	3,050,000
Accumulated depreciation	(457,500)	(457,500)
Net book value as at June 30, 2023	2,592,500	2,592,500
Rate of depreciation per annum (%)	5%	

6. INTANGIBLE ASSETS

As at July 01, 2023

Cost	250,000	5,000,000	5,250,000
Accumulated amortization	-	(2,500,000)	(2,500,000)
Net book value at the beginning of the year	250,000	2,500,000	2,750,000
Addition during the year	-	-	-
Disposals - cost	-	-	-
Amortization for the year	-	-	-
Disposals - Accumulated amortization	-	-	-
Net book value at the end of the year	250,000	2,500,000	2,750,000

Analysis of Net Book Value

Cost	250,000	5,000,000	5,250,000
Accumulated amortization	-	(2,500,000)	(2,500,000)
Net book value as at June 30, 2024	250,000	2,500,000	2,750,000
Rate of amortization per annum (%)	-	-	

As at July 01, 2022

Cost	250,000	5,000,000	5,250,000
Accumulated amortization	-	(2,500,000)	(2,500,000)
Net book value at the beginning of the year	250,000	2,500,000	2,750,000

Addition during the year	-	-	-
Disposals - cost	-	-	-
Ammortization for the year	-	-	-
Disposals - Accumulated ammortization	-	-	-
Net book value at the end of the year	250,000	2,500,000	2,750,000

Analysis of Net Book Value

Cost	250,000	5,000,000	5,250,000
Accumulated ammortization	-	(2,500,000)	(2,500,000)
Net book value as at June 30, 2023	250,000	2,500,000	2,750,000

Rate of ammortization per annum (%)

-	-
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6.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once the company intending to carry out shares brokerage business in the manner to be prescribed.

		2024	2023
		<i>(Rupees)</i>	
7. LONG TERM INVESTMENT		7.1 & 7.2	30,100,147
Investment at fair value through OCI		7.1 & 7.2	18,234,438

7.1 Investment in quoted securities:

Investment in shares of Pakistan Stock Exchange	7.1.1	13,850,095	8,000,836
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7.1.1 This represents 1,081,194 (2023: 1,081,194) shares of Pakistan Stock Exchange which are pledge with PSX against Base Minimum Capital.

7.2 Investment in private company

Fair value

Investment in unlisted securities	7.2.1	16,250,052	10,233,602
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Book value

Investment in unlisted securities		9,000,000	9,000,000
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7.2.1 The company has an investment of Rs. 9 million (2023: Rs.9 million) in shares of Profound Professional (Private) Limited (PPPPL). PPPL is incorporated in Pakistan as private limited company with a paid-up capital of Rs. 150 million as at 30 June 2024. The company owns 180,000 shares of Rs. 100 each (2023: 180,000 shares) representing 12% ownership . Break-up value per share of this investment is Rs. 90.28. This break-up value per share is based on audited financial statements of PPPL for the period ended 30 June 2024.

		2024	2023
		<i>(Rupees)</i>	
8. LONG TERM DEPOSITS			

Deposits with:

- National Clearing Company Pakistan Limited	1,400,000	1,400,000
- Central Depository Company	100,000	100,000
- Pakistan Mercantile Exchange	750,000	750,000
- NCEL Building Management Limited	22,500,000	10,000,000
- National Commodity Deposit	-	610,000
	24,750,000	12,860,000

9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	9.1.	10,526,733	9,521,016
Investment in mutual funds		13,317	516,356
		10,540,050	10,037,372

9.1. Investments in quoted securities are stated at fair value at the year-end, using the year-end market prices. This investment pledge with Pakistan Stock Exchange Limited against Base Minimum Capital.

10. TRADE DEBTS

		2024	2023
		(Rupees)	
Trade debts	10.1	971,597	6,392,307
less: Loss allowance	10.2	-	(993,133)
		<u>971,597</u>	<u>5,399,174</u>

10.1 The aging analysis of trade debts are as follows:

Past due 1 - 90 days	862,218	829,222
Past due 91 - 180 days	300	668,010
Past due 181 days - 1 year	29,822	4,792,274
More than one year	79,258	102,801
	<u>971,597</u>	<u>6,392,307</u>

10.2 Provision for expected credit loss

Opening	993,133	-
Provision recorded during the year	-	993,133
Less: Provision reversed during the year	(993,133)	-
	<u>-</u>	<u>993,133</u>

10.3 Trade debts due from related parties

Name of related party	Gross amount due	Past due amount	Provision for expected credit losses	Reversal of provision for expected credit losses	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year (8.3.1)
Shumaila Bano	257,997	257,997	-	-	-	257,997	5,513,022
		257,997	257,997			257,997	

10.3.1 Maximum amount outstanding at any time during the year calculated by reference to month-end balances.

10.3.2 Aging analysis of trade debts due from related parties

Name of related party	Not past due	Past due				Total gross amount due
		Past due 0-90 days	Past due 91-180 days	Past due 181-365 days	Past due 365 days	
Shumaila Bano	-	257,998	-	-	-	257,998
	-	257,998	-	-	-	257,998

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2024	2023
		(Rupees)	
Advance tax		10,322,601	10,322,601
Advance for Motor vehicle		900,000	900,000
Nccpl's Exposure deposit		1,411,980	202,655
Nccpl's Profit and loss deposit		594,038	20,713
Other receivables		212,659	-
		<u>13,441,278</u>	<u>11,445,969</u>

12. CASH AND BANK BALANCES

Cash at bank	-	-
Current accounts	807,183,180	158,504,310
Saving accounts	807,183,180	158,504,310
Cash in hand	-	-
	<u>807,183,180</u>	<u>158,504,310</u>

12.1. Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 684.237 million (2023: 48.633 million).

13. SHARE CAPITAL

13.1. Authorized share capital

Authorized share capital comprises of 1,500,000 (2023: 1,500,000) Ordinary shares of Rs. 100 each.

13.2. Issued, subscribed and paid up capital

2024 2023

(Rupees)

Issued, subscribed and paid up capital comprises of:

Ordinary share capital

92,500,000	92,500,000
92,500,000	92,500,000

13.2.1 The breakup of ordinary and preference share capital is as follows:

2024 (Numbers)	2023 (Numbers)	Ordinary shares	2024 (Rupees)	2023 (Rupees)
		Ordinary shares of Rs. 100 each		
925,000	925,000	full paid in cash	92,500,000	92,500,000

13.2.2 Reconciliation of number of shares outstanding

Ordinary shares	2024 (Numbers)	2023 (Numbers)
Number of shares outstanding at the beginning of the year	925,000	925,000
Issued for cash	-	-
	925,000	925,000

14. GRATUITY PAYABLE

Opening
Amount recognized during the year
Benefits paid during the year
Deferred tax liability

2024 (Rupees)	2023 (Rupees)
-	-
2,850,000	-
-	-
2,850,000	-

15. TRADE AND OTHER PAYABLE

Credit balances of clients
Other liabilities
Income tax payable
Auditor's remuneration payable

15.1

684,237,469	48,632,918
14,837,388	328,016
440,266	-
109,000	-
699,624,123	48,960,934

15.1 Credit balances of clients held by the company in separate bank accounts.

16. CONTINGENCIES AND COMMITMENTS

16.1 There were no contingencies and commitments as at June 30, 2024.

17. REVENUE FROM CONTRACT WITH CUSTOMERS

Brokerage Income

17.1

2024 (Rupees)	2023 (Rupees)
22,799,077	8,910,389
25,448,559	10,016,797
278,228	45,967
(2,927,710)	(1,152,375)
22,799,077	8,910,389

17.1 Brokerage commission

Return on cash margin on future contract
less: Sales tax return

18. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and allowances		20,769,075	17,237,750
Utilities		628,714	453,285
Rent, rates and taxes		903,913	733,093
Fees and subscription		322,091	110,809
Legal and professional		147,560	228,850
Communication Expenses		249,734	359,306
Software expenses		956,348	760,963
Auditors remuneration	18.1	340,000	301,000
Expected credit loss		-	993,133
Transaction Charges		1,467,103	286,439
Insurance		-	77,400
Depreciation of property and equipment	4	911,295	1,069,879
Depreciation of investment property	5	152,500	152,500
Donations	18.2	17,500,000	-
Bank Charges		4,394	2,340
Miscellaneous		268,062	222,964
		44,620,789	22,989,711

18.1 Auditor's Remuneration

Annual audit fee		340,000	301,000
		340,000	301,000

18.2 Donations

This represents donation of Rs 12,500,000 was given to Baitussalam Welfare Trust, Rs 2,500,000 was given to Jamia-Tul-Uloom-Al Islamia and Rs 2,500,000 was given to Darul-Uloom Karachi.

19. OTHER INCOME

Gain/(loss) on investment at fair value thorough P&L		8,495,551	(4,301,602)
Profit on bank deposit		18,965,947	13,346,952
Reversal of expected credit loss		993,133	-
Rental Income		-	242,000
Other		1,439,822	508,537
Income from dividend		23,775	19,242
		29,918,228	9,815,129

20. MINIMUM TAX - LEVY

This represents portion of minimum tax paid as per Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

21. FINAL TAX - LEVY

This represents portion of final taxes paid as per Income Tax Ordinance, 2001 (ITO, 2011), representing levy in terms of requirements of IFRIC 21/IAS 37.

22. TAXATION

Income Tax Expense		3,543,268	(594,002)
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Major components of income tax expense are as under:

- Current year		3,543,268	-
- Prior year		-	-
- Deferred		(594,002)	(594,002)

22.1. The company has tax losses in the previous years, on which deferred tax asset will arise. However, as there is continuous losses on account of operating income therefore deferred tax asset amounting to Rs. 1.892 million has not been recorded.

22.2	Relationship between tax expense and accounting profit	2024	2023
		(Rupees)	(Rupees)
	Accounting profit/(loss) before income tax, minimum tax differential and final tax	7,959,128	(4,264,193)
	less: Accounting Profit/(loss) subject to minimum tax levy	-	(18,167)
	less: Accounting Profit/(loss) subject to final tax levy	(6,245,603)	4,282,360
	Accounting profit/(loss) before taxation	1,713,525	-
	Tax at the applicable rate 29% (2023:29%)	496,922	-
	Deferred tax asset not recognized	(132,034)	(594,002)
	Difference due to Tax expense allocation	(935,941)	-
	Permanent difference	4,114,320	-
		3,543,268	(594,002)

22.3 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

Current tax liability for the year as per applicable tax laws	3,546,834	-
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(3,543,268)	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	(3,566)	-
Difference	-	-

23. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

23.1 Financial instrument by category

23.1.1 Financial assets

	2024			
	At fair value through profit or loss account	At fair value through OCI	At amortized cost	Total
Long term loan, advances and deposits	-	-	24,750,000	24,750,000
Long term investment	-	30,100,147	-	30,100,147
Investment at fair value through P&L	10,540,050	-	-	10,540,050
Trade debts	-	-	971,597	971,597
Tax refundable	-	-	2,705,567	2,705,567
Advances, deposits and prepayments	-	-	13,441,278	13,441,278
Bank balances	-	-	807,183,180	807,183,180
	10,540,050	30,100,147	849,051,622	889,691,819

	2023			
	At fair value through profit or loss account	At fair value through OCI	At amortized cost	Total
Long term loan, advances and deposits	-	-	12,860,000	12,860,000
Long term investment	-	18,234,438	-	18,234,438
Investment at fair value through P&L	10,037,372	-	-	10,037,372
Trade debts	-	-	5,399,174	5,399,174
Tax refundable	-	-	2,705,567	2,705,567
Advances, deposits and prepayments	-	-	11,445,969	11,445,969
Bank balances	-	-	158,504,310	158,504,310
	10,037,372	18,234,438	190,915,020	219,186,830

23.1.2 Financial Liabilities at amortized cost

	2024	
	Amount	Total
Trade and other Payables	699,624,123	699,624,123
	<u>699,624,123</u>	<u>699,624,123</u>
	2023	
	Amount	Total
Trade and other Payables	48,960,934	48,960,934
	<u>48,960,934</u>	<u>48,960,934</u>

23.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees of risk.

The Board of Directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

23.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to Credit risk

Credit risk of the company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The company allows to trade in future contracts after taking appropriate margins.

Credit risk is minimised due to the fact that the company invests only in high quality financial assets, all transactions are settled/paid for upon delivery. The company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
	(Rupees)	
Long term deposits	24,750,000	12,860,000
Investment at fair value through other comprehensive income	30,100,147	18,234,438
Investment at fair value through profit and loss	10,540,050	10,037,372
Advances, deposits, prepayments and other receivable	3,118,677	1,123,368
Trade debts	971,597	5,399,174
Bank Balances	<u>807,183,180</u>	<u>158,504,310</u>
	<u>876,663,651</u>	<u>206,158,662</u>

Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2024	2023
	(Rupees)	
AA+	49,149	49,149
AA	807,107,959	158,429,089
AA-	10,000	-
A+	-	10,000
A	<u>16,072</u>	<u>16,072</u>
	<u>807,183,180</u>	<u>158,504,310</u>

The credit rating agency are PACRA and JCR-VIS.



23.2.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of business.

	2024				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	699,624,123	699,624,123	699,624,123	-	-
	<u>699,624,123</u>	<u>699,624,123</u>	<u>699,624,123</u>	<u>-</u>	<u>-</u>
	2023				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	48,960,934	48,960,934	48,960,934	-	-
	<u>48,960,934</u>	<u>48,960,934</u>	<u>48,960,934</u>	<u>-</u>	<u>-</u>

On the balance sheet date, the company has cash and bank balances of Rs. 807.18 million (2023: 158.50 million) and investments of Rs. 40,640 (2023: Rs. 28.272 million) for repayment of liabilities

23.2.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

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 risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of 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 factor affecting all or similar financial instrument traded in the market.

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made thorough surplus funds.



The company is exposed to other price risk on investment in listed shares. The company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on ongoing basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2024	<u>1,054,005</u>	<u>(1,054,005)</u>
as at 30th June 2023	<u>1,003,737</u>	<u>(1,003,737)</u>

23.3 Fair value of Financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the financial assets and liabilities are not significantly different from their carrying values in the financial statements.

The company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of assets and liabilities carried at fair value:

	2024		
	Level 1	Level 2	Level 3
----- (Rupees) -----			
Investment in quoted securities	<u>24,390,145</u>	-	<u>16,250,052</u>
	<u>24,390,145</u>	-	<u>16,250,052</u>
<hr/>			
	2023		
	Level 1	Level 2	Level 3
----- (Rupees) -----			
Investment in quoted securities	<u>18,038,208</u>	-	<u>10,233,602</u>
	<u>18,038,208</u>	-	<u>10,233,602</u>

23.4 Capital risk management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

24 CAPITAL ADEQUACY LEVEL

Total Assets	<u>900,547,381</u>	<u>230,756,189</u>
Less: Total Liabilities	<u>(702,474,123)</u>	<u>(48,960,934)</u>
Less: Revaluation Reserves	-	-
Capital Adequacy Level	<u>198,073,258</u>	<u>181,795,255</u>

While determining the value of total assets of TREC holder, the Notional value of the TREC held by Saz Capital Securities (Private) Limited as at year ended 30th June 2024 determined by Pakistan Stock Exchange has been considered.

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25 LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
Assets				
1.1	Property & Equipment	8,105,562	8,105,562	-
1.2	Intangible Assets	2,750,000	2,750,000	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt. Securities	13,317	666	12,651
1.5	(i) Investment in Equity Securities (listed)	24,376,828	24,376,828	-
	(ii) Investment in Equity Securities (Unlisted)	16,250,052	16,250,052	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking	-	-	-
1.8	Statutory or regulatory deposits.	2,250,000	2,250,000	-
1.9	Margin deposits with exchange and clearing house.	1,411,980	-	1,411,980
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	22,500,000	22,500,000	-
1.12	Accrued interest, profit or mark-up	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing.	-	-	-
Advances and receivables other than trade receivables;				
1.15	(i) Advance tax	13,028,168	13,028,168	-
	(ii) Short term loan to employees	-	-	-
	(iii) In other cases	1,112,659	1,112,659	-
1.16	Receivables from clearing house or securities exchange(s)	594,038	-	594,038
Receivables from customers				
1.17	i. Receivables against margin financing	-	-	-
	ii. Trade receivables not more than 5 days overdue	180,739	-	180,739
	iii. Trade receivables are overdue, or 5 days or more	790,861	311,575	479,286
	iii. Trade receivables from related parties	-	-	-
Cash and Bank balances				
1.18	i. Bank Balance-proprietary accounts	122,945,710	-	122,945,710
	ii. Bank balance-customer accounts	684,237,470	-	684,237,470
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/ offer for sale (asset)			
Total Assets		900,547,384		809,861,874

Liabilities				
2.1	Trade Payables			
	i. Payable to customers	684,237,469	-	684,237,469
2.2	Current liabilities			
	i. Accruals and other payables	15,277,654	-	15,277,654
2.3	Non-Current liabilities			
	i. Staff retirement benefits	2,850,000	-	2,850,000
2.4	Subordinated Loans	-	-	-
2.5	Advance against shares for Increase in Capital.	-	-	-
Total Liabilities		702,365,123		702,365,123

Ranking Liabilities Relating to :

3.1	Concentration in Margin Financing	-	-	-
3.2	Concentration in securities lending and borrowing	-	-	-
3.3	Net underwriting Commitments	-	-	-
3.4	Negative equity of subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment	-	-	-
3.8	Concentrated proprietary positions	-	2,437,683	2,437,683
3.9	Opening Positions in futures and options	-	-	-
3.10	Short sell positions	-	-	-
Total Ranking Liabilities		-	2,437,683	2,437,683
Grand Total		198,182,261	2,437,683	105,059,068

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2024			2023		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
 Rupees					
Managerial remuneration	1,200,000	3,600,000	2,880,000	1,200,000	3,600,000	2,880,000
	<u>1,200,000</u>	<u>3,600,000</u>	<u>2,880,000</u>	<u>1,200,000</u>	<u>3,600,000</u>	<u>2,880,000</u>
Number of persons (including those who worked part of the year)	1	3	2	1	3	2

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related Parties Comprise of associated companies , directors, key management personnel and close family members of the directors. Transactions with related parties may be carried out at negotiated rates. Remuneration and benefits to executives of the company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Name of the related party	Relationship with the related party	Transactions during the year and year end balances	2024 (Rupees)	2023 (Rupees)
Muhammad Asif	CEO/Shareholder	Remuneration	1,200,000	1,200,000
Muhammad Ashraf	Director/Shareholder	Remuneration	1,200,000	1,200,000
Abdul Hafeez	Director/Shareholder	Remuneration	1,200,000	1,200,000
Adnan	Director/Shareholder	Remuneration	1,200,000	1,200,000
Ana Abdul Samad	Director/Shareholder	Receivable / (Payable)	(7,768,112)	33,494
Adnan	Director/Shareholder	Receivable / (Payable)	(1,228,649)	4,225,167
Shumaila Bano	Spouse of Director	Receivable / (Payable)	257,997	358,338
Abdul Hafeez	Director/Shareholder	Receivable / (Payable)	(196)	(19,956)
Aena Sufian	Daughter of CEO	Receivable / (Payable)	(4)	(4,186)
Mohammad Aslam Motiwalla	Father of Director	Receivable / (Payable)	-	(1,305,276)
Muhammad Ashraf	Director/Shareholder	Receivable / (Payable)	(388,354)	(50,332)
Muhammad Asif	CEO/Shareholder	Receivable / (Payable)	-	(40,732)
Noor Jehan Bano	Mother of Director	Receivable / (Payable)	(2,726)	(112,536)
Rabia Ashraf	Spouse of Director	Receivable / (Payable)	(3,600)	(42,176)
Salma Asif	Spouse of Director	Receivable / (Payable)	-	(600)

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27. OTHER DISCLOSURES UNDER REGULATION OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

The disclosures under the regulation, other than disclosed elsewhere in these annual financial statements are as follows:

27.1 Pattern of Shareholding

	2024	2023	2024	2023
	% of Holding	Number of Shares		
Ana Abdul Samad (Director)	43%	43%	400,000	400,000
Muhammad Asif Sultan (CEO)	42%	42%	386,248	386,248
Muhammad Ashraf (Director)	15%	15%	138,749	138,749
Adnan (Director)	0.0001%	0.0001%	1	1
Muhammad Rizwan (Director)	0.0001%	0.0001%	1	1
Abdul Hafeez (Director)	0.0001%	0.0001%	1	1
	100.00%	100.00%	925,000	925,000

27.2 During the year there was no movement in shareholding of more than 5% of the shares.

27.3 As at June 30, 2024, neither company's securities pledged with financial institutions, nor customer securities maintained with the company pledged with financial institutions.

27.4 As at June 30, 2024, the value of customer shares maintained with the company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs. 1,689.269 million (2023: Rs. 2027.330 million).

27.5 Company prepares these financial statements on the settlement date basis and accordingly account for income, assets and liabilities

28 NUMBER OF EMPLOYEES

	2024	2023
	(Number of employees)	
Total number of employees at 30 June.	18	18
Average Number of employees	21	21

29 CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current year.

30 DATE OF AUTHORIZATION

These financial statements were approved by the Company's board of directors and authorised for issue on 07 OCT 2024.

[Signature]



Chief Executive



Director