



PEARL SECURITIES LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

Private & Confidential



Crowe Hussain Chaudhury & Co.
Chartered Accountants

PEARL SECURITIES LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

**Independent Auditor's Report
To the members of Pearl Securities Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the annexed financial statements of Pearl Securities Limited (the Company) which comprise the statement of financial position as at 30 June 2022 and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes 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 30 June 2022 and of its profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

The 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 or conclusion thereon.

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) and;
- e) the Company was in compliance with the requirements 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 statement of financial position was prepared.

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



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi

Date:

31 OCT 2022

UDIN: AR202210207AwL3FPezN

PEARL SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022	2021
		----- (Rupees) -----	
SHARE CAPITAL & RESERVES			
Authorized capital 50,000,000 (2021: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	5	144,136,000	144,136,000
Revenue reserve - unappropriated profit		188,880,727	114,575,519
Fair value reserve		(105,699,509)	764,269,165
Sponsors' Loan		46,000,000	-
Remeasurement of post retirement benefits		(531,126)	(58,428)
		272,786,092	1,022,922,256
NON-CURRENT LIABILITIES			
Long term loan and finances	6	2,404,506	200,000,000
Staff retirement benefits	7	32,706,000	30,218,000
Deferred taxation	8	-	124,421,222
		35,110,506	354,639,222
CURRENT LIABILITIES			
Trade creditors, accrued and other liabilities	9	551,153,830	797,854,346
Accrued markup		40,810,976	93,037,387
Short term borrowings	10	1,170,647,291	1,636,863,225
Current portion of lease liability	6	1,716,346	385,776
Taxation - net		-	10,041,615
		1,764,328,443	2,538,182,349
Contingencies and commitments	11	-	-
		2,072,225,041	3,915,743,827
NON-CURRENT ASSETS			
Property and equipment	12	37,419,433	40,768,594
Right-of-use assets	13	3,974,164	371,889
Intangible assets	14	2,750,000	2,750,000
Deferred taxation	8	24,293,515	-
Long term deposits	15	18,837,979	10,487,979
		87,275,091	54,378,462
CURRENT ASSETS			
Short term investments	16	603,293,350	1,885,262,999
Receivable against margin financing transactions		24,189,686	85,215,453
Trade debts	17	1,224,785,094	1,527,677,789
Advances, deposits, prepayments and other receivables	18	28,270,626	45,012,040
Taxation - net		5,175,913	-
Cash and bank balances	19	99,235,281	318,197,084
		1,984,949,950	3,861,365,365
		2,072,225,041	3,915,743,827

The annexed notes from 1 to 39 form an integral part of these financial statements.


Chief Executive


Director

PEARL SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees) -----	2021 -----
Operating revenue	20	151,696,922	244,684,854
Capital gain on short term investments		276,227,583	181,946,136
Administrative and operating expenses	21	(173,930,432)	(208,454,087)
Unrealized loss on fair value through profit and loss investments		(2,136,185)	(7,787,909)
Operating profit		251,857,888	210,388,994
Finance cost	22	(169,915,151)	(102,107,232)
		81,942,737	108,281,762
Other income	23	22,346,710	52,357,056
Profit before taxation		104,289,447	160,638,818
Taxation			
- Current		(32,486,992)	(30,258,463)
- Prior years		(4,707,036)	873,010
- Deferred		1,549,140	5,088,206
	24	(35,644,888)	(24,297,247)
Profit after taxation		68,644,559	136,341,571
Earning per share - basic and diluted	25	4.76	9.46

The annexed notes from 1 to 39 form an integral part of these financial statements.

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Chief Executive


Director

PEARL SECURITIES LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees) -----	
Profit after taxation for the year	68,644,559	136,341,571
Other comprehensive income for the year		
Items that will not be reclassified subsequently to profit or loss		
- Re-measurement of staff retirement obligation - net off deferred tax	(472,698)	(2,719,508)
- Unrealised (loss)/gain - FVOCI investment	(1,013,470,320)	852,676,672
- Deferred tax on unrealized gain of FVOCI investment	149,162,295	(134,871,029)
	(864,308,025)	717,805,642
Total comprehensive (loss)/income for the year	(796,136,164)	851,427,706

The annexed notes from 1 to 39 form an integral part of these financial statements.

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Chief Executive

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Director

PEARL SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Note 2022 2021
 ----- (Rupees) -----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation 104,289,447 160,638,818

Adjustments for:

- Depreciation of property and equipment	4,318,245	4,706,999
- Depreciation of right of use of assets	1,696,611	1,487,560
- Unrealized loss on investments through profit and loss	2,136,185	7,787,909
- Provision for gratuity	5,052,807	4,641,000
- Loss on disposal of fixed assets	15,170	106,408
- Finance cost	169,915,151	102,107,232

Cash generated from operating activities before working capital changes 183,134,169 120,837,108

(Increase) / decrease in current assets

Trade debts	302,892,695	522,764,823
Receivable against margin finance transactions	61,025,767	(39,275,669)
Advances, deposits, prepayments and other receivables	16,741,414	(34,556,520)

Increase / (decrease) in current liabilities

Trade creditors, accrued and other liabilities	(246,700,516)	362,426,039
Short term borrowings	(466,215,934)	22,673,141
	(332,256,574)	834,031,815

Financial charges paid (222,141,562) (149,336,559)

Taxes paid (49,780,376) (11,957,853)

Gratuity Paid (4,119,545) (789,269)

Net cash (used in)/generated from operating activities (320,874,441) 953,424,059

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property and equipment (6,328,340) (7,049,772)

Proceeds from disposal of property and equipment 45,200 57,800

Net proceeds from sale of short term and long term investment 266,810,702 (637,121,809)

Long term deposits (8,350,000) 6,573,000

Net cash generated from/(used in) investing activities 252,177,562 (637,540,781)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of lease liability 1,330,570 (1,407,048)

Sponsor's loan received 46,000,000 -

Repayments of long term loan (197,595,494) (90,000,000)

Net cash (used in) financing activities (150,264,924) (91,407,048)

Net (decrease) / increase in cash and cash equivalents (218,961,803) 224,476,231

Cash and cash equivalents at the beginning of the year 318,197,084 93,720,852

Cash and cash equivalents at the end of the year 99,235,281 318,197,084

The annexed notes from 1 to 39 form an integral part of these financial statements.

Signature

Chief Executive

Signature

Director

PEARL SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Issued, subscribed & paid-up capital	Sponsor's Loan (Note: 4.19)	Revenue reserve unappropriated profit	Fair value reserve	Remeasurement of post retirement benefits-net of tax	Total
(Rupees)						
Balance as at 30 June 2020	144,136,000		(27,495,428)	52,192,897	2,661,080	171,494,549
Profit after taxation for the year	-		136,341,572	-		136,341,572
Transfer of fair value reserve of equity instruments designated at FVOCI	-		5,729,375	(5,729,375)		
Remeasurement loss on post retirement benefits-net of tax for the year					(2,719,508)	(2,719,508)
Other comprehensive gain for the year	-		-	717,805,642	-	717,805,642
Balance as at 30 June 2021	144,136,000	-	114,575,519	764,268,165	(58,428)	1,022,922,256
Profit after taxation for the year	-	-	68,644,559	-	-	68,644,559
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	5,660,649	(5,660,649)		
Remeasurement loss on post retirement benefits-net of tax for the year	-	-	-	-	(472,698)	(472,698)
Other comprehensive gain for the year	-	-	-	(864,308,025)	-	(864,308,025)
Loan received from sponsor	-	46,000,000	-	-	-	46,000,000
Balance as at 30 June 2022	144,136,000	46,000,000	188,880,727	(105,699,909)	(531,126)	272,786,092

The annexed notes from 1 to 39 form an integral part of these financial statements.

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Farah
Chief Executive


Director

**PEARL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. LEGAL STATUS AND NATURE OF BUSINESS

Pearl Securities Limited (the Company) was incorporated as a private limited company on May 8, 2000 under the Companies Ordinance, 1984 and was subsequently converted into a public limited Company on April 27, 2009. The Company is a corporate member of Pakistan Stock Exchange Limited (PSX).

The Company is a Trading Right Entitlement Certificate (TREC) holder of PSX and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities, commodities and other financial instruments, securities research, financial consultancy and underwriting. The Company has a network of five branches (June 30, 2020: five branches) across Pakistan.

Geographical location of business units

Locations

Addresses

Head Office/Registered Office

Suit # 204, 2nd Floor, Business & Finance Centre, I.I Chundrigar Road, Karachi.

Branches

Pakistan Stock Exchange

Suit # 137, 3rd Floor, Stock Exchange Building, Karachi

Islamabad Branch

Suit # 1011, 10th Floor, Stock Exchange Towers, Islamabad

Peshawar Branch

Ground Floor, State Life Building, Peshawar Cantt, Peshawar.

Lahore Branch

Suit # 218, 2nd Floor, Siddiq Trade Centre, 72 Main Boulevard Gulberg, Lahore.

Mardan Branch

102-103, Ground Floor, Mardan Trade Centre-2, Qazi Bashir Road, Opp DC Office, Mardan.

Kohat Branch

5-6, Al-Madina Plaza, Near Central Science College, University Road, Chakar Kot, Kohat.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (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.

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2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain financial assets and financial liabilities which have been stated at their fair values.

2.3 Functional and presentation currency

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

2.4 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates involved or where judgment was exercised in application of accounting policies are as follows:

	Note
a) Useful life of property and equipment	4.1
b) Carrying amount of intangible assets	4.3
c) Provision of impairment of financial assets	4.4
d) Provision for current and deferred taxation	4.9
e) Leases	4.17

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS**3.1 Standards, amendments to approved accounting standards effective in current year**

There were certain amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022. However, these are considered not to be relevant or to have any significant effect on the Corporation's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

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

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4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 12.1. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

4.2. 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.

4.3 Intangible assets

These represent computer software, Trading right entitlement certificate and membership card of Pakistan Mercantile Exchange Limited (PMEX).

TRE Certificate and membership card of PMEX has an indefinite useful life and are stated at the carrying value less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of their recoverable amounts, and where the carrying value exceeds the estimated recoverable amount, it is written down to their estimated recoverable amount.

Computer software is recognized in the financial statements, if and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the Company; and the cost of the asset can be measured reliably. It is carried at cost less accumulated amortization and impairment, if any. Amortization is charged from the month of addition to the month preceding the month of retirement / disposal, by applying reducing balance method. The amortization period and the amortization method for intangible assets with finite useful life are reviewed, and adjusted if appropriate, at each reporting date.

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4.4 Financial Instruments

a) 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, amortised cost or cost as the case may be.

b) 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 amortised 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 flows characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised 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.

c) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised 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.

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d) 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 recognised in other comprehensive income / (loss).

(ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised 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. Realised and unrealised 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 recognise 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.

e) Impairment of financial assets

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs 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;
- receivable from employee
- receivables from NCCPL and others

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

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.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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f) Derecognition**(i) Financial assets**

The Company derecognises 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 amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised 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 derecognises 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 derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.7 Trade debts

Trade debts are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. 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. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts. Bad debts are written off when considered irrecoverable.

4.8 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

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4.9 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.10 Revenue recognition

- Brokerage and commission income is recognised as and when such services are provided and when performance obligations have been satisfied and right to receive the consideration in exchange for services has been established.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Interest income is recognised on a time proportion basis that takes into account the effective yield
- Income on continuous funding system is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Gains / (loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealised 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.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'available-for-sale' are taken directly to other comprehensive income.
- All other incomes are recognised on an accrual basis.

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4.11 Expenses

All expenses are recognized in the profit or loss on an accrual basis.

4.12 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.13 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.14 Dividend

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.15 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks.

4.16 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

4.17 Leases**a) Right of use of assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

c) Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of lease contract of branches (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.18 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Currently the company has only one reportable segments.

4.19 Sponsor's Loan

According to technical release 32 issued by the Institute of Chartered Accountants of Pakistan (ICAP) according to which a loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity

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5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

2022 ----- (No. of shares) -----	2021	Note	2022 ----- (Rupees) -----	2021
<u>14,413,600</u>	<u>14,413,600</u>	Issued for cash	<u>144,136,000</u>	<u>144,136,000</u>

5.1 Pattern of Shareholding

Categories of shareholders	Shares Held	Percentage
Members		
Mrs. Fatima Usman	4,418,100	30.652%
Mrs. Naik Perveen	972,555	6.747%
Mr. Muhammad Arfeen Dhedhi	972,625	6.748%
Mr. Amir Nazeer Dhedhi	972,625	6.748%
Ms. Alia Dhedhi	972,625	6.748%
Mr. Sajid Anwar	500	0.003%
Mr. M Asadullah Sheikh	500	0.003%
Mrs. Farzana Asad	432,270	2.999%
Government of KPK GPI Fund	5,670,300	39.340%
Directors and their spouse(s) and minor children		
Ms. Farah Zubair	500	0.003%
Mr. Pervez Mirza Chaghtai	500	0.003%
Mr. Muhammad Naeem Mahmood Shahid	500	0.003%
Total	<u>14,413,600</u>	<u>100.00%</u>

5.2 OTHER DISCLOSURES UNDER REGULATION 34(2) OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

Shareholders holding 5% or more	Shares held	Percentage
Mrs. Naik Perveen	972,555	6.747%
Mr. Muhammad Arfeen Dhedhi	972,625	6.748%
Mr. Amir Nazeer Dhedhi	972,625	6.748%
Ms. Alia Dhedhi	972,625	6.748%
Government of KPK GPI Fund	5,670,300	39.340%
Mrs. Fatima Usman	4,418,100	30.652%

Note	2021	2021
	----- (Rupees) -----	

6. LONG TERM LOAN AND FINANCES

Summit Bank Limited	6.1	-	200,000,000
Lease liability	6.2	4,120,852	385,776
		<u>4,120,852</u>	<u>200,385,776</u>
Less: Current portion lease liability		(1,716,346)	(385,776)
Less: Current portion of long term loan			
Long term portion		<u>2,404,506</u>	<u>200,000,000</u>

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- 6.1 The Company obtained a term finance facility from Summit Bank Limited amounting Rs. 200 million to finance long term investment in listed companies. The principal amount of Rs. 120 million has been paid by the company and remaining amount of Rs. 80 million will be settled through running finance facility. Markup on the facility was 3 months KIBOR plus 2% per annum. The facility was secured against first pari passu charge over receivable with 30% margin, in favor of the bank and personal guarantee of the Chief Executive Officer of the Company.
- 6.2 Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The future lease payments had been discounted using average borrowing rate as at 30 June 2022.

	2022	2021
	-----Rupees-----	
Present value of minimum lease payments	4,120,851	385,776
Less: current portion of lease liabilities	<u>(1,716,346)</u>	<u>(385,776)</u>
	<u>2,404,505</u>	<u> </u>
Maturity analysis		
Not later than 1 year	1,716,346	385,776
Later than 1 year but not later than five years	<u>2,404,506</u>	<u> </u>
	<u>4,120,852</u>	<u>385,776</u>

7. STAFF RETIREMENT BENEFITS

- 7.1 The Company has established a Fund - 'Pearl Securities Limited - Employees' Unfunded Gratuity Scheme' for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier of cessation of service. The amount of gratuity payable is equal to one months' gross salary for each year of eligible service with the Company subject to a minimum qualifying period of service of 5 years.

7.2 Principal actuarial assumptions

The latest actuarial valuations of the unfunded gratuity scheme was carried out by the valuers Akhtar & Hassan Company as at 30 June 2022. The principal actuarial assumptions based on actuarial report for the year ended 30 June 2022 are as follows:

	2022	2021
Note	-----Rates-----	
Discount rate	<u>13.25%</u>	<u>10.25%</u>
Salary increase rate	<u>12.00%</u>	<u>9.00%</u>
Mortality rates	<u>SLIC(2001-05)-1</u>	<u>SLIC(2001-05)-1</u>

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	2022	2021
	------(Rupees)-----	
7.3 The amounts recognized in statement of financial position		
Present value of defined benefit obligations	32,706,000	30,218,000
Fair value of plan assets	-	-
	<u>32,706,000</u>	<u>30,218,000</u>
7.4 Movement in present value of defined benefit obligations		
Present value of obligations as at 01 July	30,218,000	21,005,000
Current service cost	3,545,000	2,735,000
Interest cost on defined benefit obligation	3,032,000	1,906,000
Re-measurement (gain) / loss	(1,524,000)	5,361,000
Actual benefits paid during the year	(2,565,000)	(789,000)
Present value of obligation as at 30 June	<u>32,706,000</u>	<u>30,218,000</u>
7.5 Cost recognized in profit or loss		
Current service cost	3,545,000	2,735,000
Net interest	3,032,000	1,906,000
	<u>6,577,000</u>	<u>4,641,000</u>
7.6 Remeasurement recognized in other comprehensive income		
(Gain) / loss due to change in financial assumptions	(340,000)	32,000
(Gain) / loss due to change in experience adjustments	(1,184,000)	5,329,000
	<u>(1,524,000)</u>	<u>5,361,000</u>
7.7 Sensitivity analysis on significant actuarial assumptions:		
Current Liability	<u>32,706,000</u>	<u>30,218,000</u>
Discount rate: +0.5%	<u>31,292,000</u>	<u>28,897,000</u>
Discount rate: -0.5%	<u>34,221,000</u>	<u>31,638,000</u>
Long term salary increase: +0.5%	<u>34,156,000</u>	<u>31,648,000</u>
Long term salary increase: -0.5%	<u>31,340,000</u>	<u>28,876,000</u>

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8. DEFERRED TAXATION

	2022		
	Opening balance	(Charge) / reversal ----- (Rupees)	Closing balance
Taxable temporary difference:			
Accelerated depreciation allowance	(6,070,761)	211,994	(5,858,767)
Right of Use of assets	(107,848)	(1,044,660)	(1,152,508)
Investments-FVOCI	(134,871,029)	148,162,295	14,291,266
Re-measurement of staff retirement obligation	1,554,738	(1,996,698)	(441,960)
Deductible temporary difference:			
Provision for doubtful debts	3,338,852	1,450,000	4,788,852
Provision for gratuity	8,763,220	721,520	9,484,740
Liability against leased assets	111,875	1,083,172	1,195,047
Investments-FVTPL	1,168,186	(901,163)	267,023
Depreciation / Initial allowance unlimited C/F	1,691,545	28,277	1,719,822
	<u>(124,421,222)</u>	<u>148,714,737</u>	<u>24,293,515</u>
	2021		
	Opening balance	(Charge) / reversal ----- (Rupees)	Closing balance
Taxable temporary difference:			
Accelerated depreciation allowance	(5,996,451)	(74,310)	(6,070,761)
Right of Use of assets	(539,240)	431,392	(107,848)
Investments-FVOCI	-	(134,871,029)	(134,871,029)
Re-measurement of staff retirement obligation	(1,086,920)	2,641,658	1,554,738
Deductible temporary difference:			
Provision for doubtful debts	1,482,852	1,856,000	3,338,852
Provision for gratuity	6,091,480	2,671,740	8,763,220
Liability against leased assets	519,919	(408,044)	111,875
Investments-FVTPL	556,759	611,427	1,168,186
Depreciation / Initial allowance unlimited C/F	1,691,545	-	1,691,545
	<u>2,719,943</u>	<u>(127,141,165)</u>	<u>(124,421,222)</u>

	Note	2022		2021	
		----- (Rupees)			
9. TRADE CREDITORS, ACCRUED AND OTHER LIABILITIES					
Creditors for purchase of shares	9.1	88,137,048		299,650,036	
Payable to NCCPL	9.2	1,533,097		-	
Creditors of PMEX		6,143		6,143	
Payable to money market clients		453,686,790		456,323,446	
Payable to forex clients		87,057		188,493	
Sindh sales tax on brokerage services		1,527,770		5,277,684	
Commission payable to traders		3,511,722		24,395,380	
Accrued and other liabilities		2,664,194		12,013,163	
		<u>551,153,830</u>		<u>797,854,346</u>	

9.1 This includes liability of creditors for sale of shares amounting Rs 19,631,080 dated June 29 and 30, 2022 (2021: Rs.10,571,356) which will be settled after reporting date.

This includes an amount of Rs. 143 (2021: Rs. Nil) receivable from related parties of the Company. The breakup of which is as follows:

Name of related party	2022		2021	
	----- (Rupees)			
Mr. Saifeer Ahmad		143		-

9.2 This includes an amount of Rs.1,533,097 (2021: Rs. Nil) payable to NCCPL against settlement of shares traded on June 29 and 30, 2022.

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	Note	2022 ----- (Rupees) -----	2021 -----
10. SHORT TERM BORROWINGS			
Summit Bank Limited	10.1	146,134,470	143,382,671
Silk Bank Limited	10.2	597,798,076	599,894,359
Sindh Bank Limited	10.3	301,009,776	341,196,689
Askari Bank Limited	10.4	56,056,623	500,079,350
Soneri Bank Limited	10.5	19,648,346	7,310,156
From investment companies - secured			
Saudi Pak Agricultural & Investment Company Limited	10.6	50,000,000	45,000,000
		<u>1,170,647,291</u>	<u>1,636,863,225</u>

- 10.1** This represents running finance facility with a limit of Rs.223 million (2021: Rs.172 million) against readily marketable shares of quoted companies and personal guarantee of the Chief Executive Officer of the Company for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 200 bps per annum, which at the year end stood at 13.89% per annum (2021: 10.58% per annum).
- 10.2** This represent running finance facility with a limit of Rs. 600 million (2021: Rs. 600 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 250 bps per annum subject to quarterly revisions, which at the year end stood at 14.45% per annum (2021: 10.09% per annum). The facility is secured with first pari passu charge of Rs. 1.14 billion on receivables of the Company.
- 10.3** This represents running finance facility with a limit of Rs. 350 million (2021: Rs. 350 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 300 bps (2021: 300 bps) per annum subject to quarterly revisions, which at the year end stood at 15.70% per annum (2021: 10.58% per annum). The facility is secured by pledge of shares of listed companies with 35% margin.
- 10.4** This represents running finance facility with a limit of Rs. 500 million (2021: Rs. 500 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 200 bps per annum payable on quarterly basis, which at the year end amounted to 13.95% per annum (2021: 9.53% per annum). The facility is secured by pledge of shares with 30% to 50% margin (2021: 30% to 50% margin).
- 10.5** This represents running finance facility with a limit of Rs. 250 million (2021: Rs. 250 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 250 bps per annum payable on quarterly basis, which at the year end amounted to 14.39% per annum (2021: 10.08%). The facility is secured by pledge of shares with 30% to 50% margin.
- 10.6** This represents short term revolving finance facility with a limit of Rs.250 million (2021: Rs.250 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 310 bps per annum payable on quarterly basis, which at the year end amounted to 17.88% per annum (2021: 10.53% per annum). The facility is secured by pledge of shares with 35% margin (2021: 35% margin).
- 10.7** The unavailed credit facilities by the Company as at year end aggregated to Rs. 1,002.352 million (2021: Rs. 872.11 million)

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11. CONTINGENCIES AND COMMITMENTS**11.1 Contingencies**

The Assistant Commissioner SRB, has passed 3 orders in respect of short payment of sales tax amounting to Rs. 280,808,039 along with penalty amounting to Rs. 14,040,401 in respect of financial year 2011 to 2018 on other charges recovered from customers. The Company has filed appeal before the Commissioner Appeals against the impugned order however, decision in appeal is pending. The Company is having fair chance of success in appeal, therefore, no provision has been made in these financial statements.

11.2 Commitments

	2022	2021
	----- (Rupees) -----	
Against future sale	<u>20,007,740</u>	<u>223,543,060</u>
Against future buy	<u>126,862,995</u>	<u>14,070,130</u>

12. PROPERTY AND EQUIPMENTS**Note**

Property & equipments	12.1	<u>37,419,433</u>	<u>40,768,594</u>
		<u>37,419,433</u>	<u>40,768,594</u>

12.1

30 June 2022

	Office Premises	Furniture and Fixtures	Office equipment	Computers	Vehicles	Total
	----- (Rupees) -----					
COST						
As at 1 July 2021	15,396,625	8,521,755	8,871,604	17,204,989	29,406,251	79,561,224
Additions	-	242,128	390,026	392,300	-	1,024,454
Disposals	-	-	(109,800)	(142,750)	(44,000)	(296,550)
As at 30 June 2022	<u>15,396,625</u>	<u>8,763,883</u>	<u>9,151,830</u>	<u>17,534,539</u>	<u>29,442,251</u>	<u>80,289,128</u>
ACCUMULATED DEPRECIATION						
As at 1 July 2021	-	5,926,798	3,352,473	12,400,073	17,113,206	38,792,630
For the year	-	280,390	565,608	1,006,464	2,465,793	4,318,245
On disposals	-	-	(67,582)	(137,159)	(36,437)	(241,178)
As at 30 June 2022	-	<u>6,207,178</u>	<u>3,850,499</u>	<u>13,269,378</u>	<u>19,542,640</u>	<u>42,869,695</u>
Written down value	<u>15,396,625</u>	<u>2,556,705</u>	<u>5,301,331</u>	<u>4,265,161</u>	<u>9,899,611</u>	<u>37,419,433</u>

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	30 June 2021					Total
	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	
COST	(Rupees)					
As at 1 July 2020	15,396,625	8,446,037	6,050,250	16,536,311	27,287,751	73,724,982
Additions	-	75,718	3,036,916	1,730,638	2,190,500	7,049,772
Disposals	-	-	(223,570)	(909,960)	-	(1,213,530)
As at 30 June 2021	<u>15,396,625</u>	<u>8,521,755</u>	<u>8,871,604</u>	<u>17,284,989</u>	<u>29,486,251</u>	<u>79,561,224</u>
ACCUMULATED DEPRECIATION						
As at 1 July 2020	-	5,641,274	3,003,899	12,294,007	14,115,773	35,134,953
For the year	-	285,524	388,639	1,035,323	2,997,513	4,706,999
On disposals	-	-	(120,065)	(929,257)	-	(1,049,322)
As at 30 June 2021	-	<u>5,926,798</u>	<u>3,352,473</u>	<u>12,400,073</u>	<u>17,113,286</u>	<u>36,792,632</u>
Written down value	<u>15,396,625</u>	<u>2,594,957</u>	<u>5,519,131</u>	<u>4,884,916</u>	<u>12,372,965</u>	<u>42,768,594</u>
Depreciation rate per annum	-	10%	10%	20%	20%	

13. RIGHT OF USE ASSETS	Note	2022	2021
		(Rupees)	
Cost			
Opening balance		3,347,008	3,347,008
Addition during the year		5,298,886	-
Disposal during the year		(3,347,008)	-
Closing balance		<u>5,298,886</u>	<u>3,347,008</u>
Accumulated Depreciation			
Opening balance		2,975,119	1,487,559
Charge for the year		1,696,611	1,487,560
Disposal		(3,347,008)	-
Closing balance		<u>1,324,722</u>	<u>2,975,119</u>
Carrying amount		<u>3,974,164</u>	<u>371,889</u>
14. INTANGIBLE ASSETS			
Trading Right Entitlement Certificate	14.1	2,500,000	2,500,000
Pakistan Mercantile Exchange Limited - membership card		250,000	250,000
		<u>2,750,000</u>	<u>2,750,000</u>

14.1 This represents TREC received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. These have been recorded at notional value determined by PSX.

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		2022	2021
	Note	(Rupees)	
15. LONG TERM DEPOSITS			
Pakistan Stock Exchange Limited	15.1	13,205,979	4,955,979
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Pakistan Mercantile Exchange Limited		3,250,000	3,250,000
Central Depository Company of Pakistan Limited		100,000	100,000
Others		882,000	782,000
		<u>18,837,979</u>	<u>10,487,979</u>

15.1 This shows the amount placed with Pakistan Stock Exchange Limited as a basic deposit for taking exposure in regular and future market in cash against BMC requirement.

		2022	2021
	Note	(Rupees)	
16. SHORT TERM INVESTMENT			
Financial assets classified as FVTPL			
Shares of listed companies - carrying amount	16.1	29,946,052	136,075,547
Unrealized (loss) on revaluation of fair value through profit or loss investments		(2,136,185)	(7,787,909)
Fair value as at June 30,		<u>27,809,867</u>	<u>128,287,638</u>
Financial assets classified as FVTOCI			
Share of listed companies - carrying amount	16.2	689,813,608	857,835,166
Unrealized (loss)/gain on revaluation of fair value through other comprehensive income		(114,330,125)	899,140,195
Fair value as at June 30,		<u>575,483,483</u>	<u>1,756,975,361</u>
Total Short Term Investment		<u>603,293,350</u>	<u>1,885,262,999</u>

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14.1 Financial assets classified as fair value through profit and loss

Number of Shares 2022	Number of Shares 2021	Name of the Company	Rupees			
			2022		2021	
			Average Cost	Market Value	Average Cost	Market Value
-	75,000	Arreel Steels Limited	-	-	3,416,407	3,390,000
64,000	-	Attock Cement Pakistan Limited	4,308,732	4,256,000	-	-
13,757	-	Attock Refinery Limited	2,736,969	2,769,765	-	-
38,486	-	Avoncom Limited	3,090,101	2,998,444	-	-
23,500	-	Asgard News Limited	519,812	241,580	-	-
-	425,900	Bank Alfah Limited	-	-	13,764,304	13,692,590
-	90,000	Bank Islami Pakistan Limited	-	-	889,758	562,000
10,000	-	Cement Limited	908,975	930,400	-	-
198,000	-	Changyao Pet Limited (formerly PECO Petroleum Ltd)	889,768	801,000	-	-
436,000	-	Dewan Cement Limited	2,344,891	2,154,400	-	-
45,000	-	Dredger Kingsway Limited	479,021	460,350	-	-
69,000	-	Fauji Foods Limited	463,690	457,470	-	-
-	188,500	Flying Cement Limited	-	-	4,422,089	4,032,500
65,500	-	G3 Technologies Limited	900,640	554,130	-	-
49,500	-	Ghani Global Glass Limited	560,340	346,480	-	-
253,511	-	Ghani Global Holdings Limited	4,344,118	4,185,467	-	-
9,500	46,500	Hazari Petroleum Limited	84,835	40,090	886,340	415,245
-	60,000	Invest Capital Bank Limited	-	-	182,730	189,800
110,000	-	K Electric Limited	421,992	334,400	-	-
50,000	-	Koh-e-Noor Power Limited	322,398	202,500	-	-
-	177,500	Lotte Chemical Pakistan Limited	-	-	1,920,190	1,988,600
-	12,500	National Refinery Limited	-	-	7,098,990	6,538,875
1,500	84,500	Netsol Technologies Limited	163,118	149,610	19,888,203	14,303,323
20,000	50,000	Oil & Gas Development Co Limited	1,718,512	1,612,735	5,320,701	4,751,540
7,500	-	Pakistan Aluminium Beverages Cans Limited	316,308	236,475	-	-
-	11,800	Pakistan Hotel Development Limited	-	-	1,488,737	1,122,880
-	25,000	Pakistan State Oil Company Limited	-	-	6,053,412	5,606,250
225,000	-	Pakistan Telecommunications Limited	1,994,935	1,566,000	-	-
4,550	3,500	Scarb Pakistan Limited	849,176	496,041	913,564	849,170
-	35,500	Shell Pakistan Limited	-	-	6,820,889	6,219,600
-	88,000	Sul Southern Gas Company Limited	-	-	1,170,800	1,064,000
-	1,100,000	Sunmit Bank Limited	-	-	3,486,371	2,563,000
-	277,500	The Bank of Punjab	-	-	2,585,175	2,101,000
-	486,500	The Crescent Textile Mills Limited	-	-	14,124,431	12,184,805
27,000	-	TRF Trader Limited	550,814	233,550	-	-
26,000	220,883	TRG Pakistan Limited	2,814,370	2,010,580	32,210,894	36,741,133
-	163,500	Unity Foods Limited	-	-	7,488,387	7,279,800
280,000	880,000	Worldcell Telecom Limited	808,850	372,408	1,685,248	2,574,300
1,881,864	4,134,393		28,946,852	27,846,867	136,075,547	128,287,838

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16.2 Financial assets carried at Fair value through other comprehensive income

Number Of Shares		Name of the Company	2022		2021	
2022	2021		Average Cost	Market Value	Average Cost	Market Value
800	-	AKD Hospitality Limited	127,239	120,360.00	-	-
3,099,000	3,198,500	AL Shehar Corp Limited	27,901,797	28,014,960.00	81,502,032	63,746,105
2,062,285	2,062,285	Arsari Sugar Mills Limited	41,244,026	11,981,875.85	41,244,026	11,981,876
17,376	-	Attock Refinery Limited	3,924,423	3,054,333.28	-	-
142,000	-	Asgard Mine Limited	3,971,628	1,469,760.00	-	-
43,500	58,000	Bank Alfalah Limited	2,236,421	3,392,000.00	2,560,490	1,609,000
3,933,143	13,700,000	Chemicals Pak Limited (formerly BICO Pakistan Ltd)	80,052,132	21,062,983.62	157,542,000	159,257,000
154,800	100,000	Engro Fertilisers Limited	11,477,700	13,094,800.00	6,488,464	7,027,000
987,800	997,000	First Capital Equities Limited	35,094,300	9,461,530.00	35,094,300	9,461,530
3,330,500	3,935,000	First Capital Sec Corp Limited	6,634,651	5,328,800.00	13,851,200	11,596,700
219,375	-	Flying Cement Company Limited	4,283,866	1,575,112.80	-	-
528,900	528,900	Fauji Foods Limited	13,266,350	3,900,955.00	13,266,350	9,544,710
165,000	215,000	Ghard Glass Limited	7,428,688	6,736,950.00	9,642,810	10,343,000
202,500	202,500	Haseco Petroleum Limited	4,836,516	854,550.00	4,836,516	1,808,325
-	500	Honda Atlas Cars Limited	-	-	325,000	172,000
403,500	-	Koh-e-Noor Energy Limited	15,668,460	15,454,050.00	-	-
276,500	-	Kot Addu Power Company Limited	11,818,095	7,612,045.00	-	-
4,750	3,850	Murree Brewery Company Limited	2,620,644	1,922,702.98	2,355,222	2,239,930
66,121	1,300	National Railway Limited	17,379,930	16,780,180.97	454,792	682,147
16,000	-	Netsol Technologies Limited	2,720,295	1,896,840.00	-	-
1,374,500	-	PACE Pakistan Limited	7,345,464	4,150,990.00	-	-
104,000	-	Pak Agro Packagings Limited	2,574,000	1,030,400.00	-	-
16,500	-	Pakistan National Shipping Corporation Limited	1,308,467	796,290.00	-	-
36,500	54,000	Pakistan Petroleum Limited	4,056,516	2,464,115.00	6,001,425	4,688,020
30,000	-	Pakistan State Oil Company Limited	6,772,287	5,155,200.00	-	-
1,932,953	1,975,453	Pakistan Stock Exchange Limited	18,520,154	19,774,109.19	17,405,049	49,571,356
41,000	41,000	Power Cement Limited	405,000	218,120.00	405,000	394,010
33,600	-	Shell Pakistan Limited	5,886,720	3,960,168.00	-	-
99,460,000	57,800,000	Silk Bank Limited	75,322,425	70,162,800.00	71,017,544	114,570,000
64,500	-	Siddiquee Tin Plate Limited	866,201	602,410.00	-	-
204,000	-	State Petroleum Limited	6,611,344	3,821,680.00	-	-
315,000	215,000	Set Southern Gas Company Limited	5,093,745	2,853,900.00	3,834,303	2,859,500
98,002,500	66,822,946	Summit Bank Limited	167,405,850	112,006,600.00	213,836,753	155,697,464
-	1,150	The Saele Company Limited	-	-	349,365	270,021
2,019,500	-	TPL Tracker Limited	18,160,560	17,468,675.00	-	-
2,041,106	6,087,669	TRG Pakistan Limited	60,092,415	157,830,726.98	176,064,417	1,245,625,385
983,566	-	Unity Foods Limited	24,110,638	19,940,909.76	-	-
1,250,000	-	World Telecom Limited	4,778,131	1,662,500.00	-	-
135,645,577	157,991,453		899,813,600	575,403,483.00	852,835,166	1,256,975,381

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- 16.3 Fair value of shares pledged with banking companies against various short term running finance facilities as at June 30, 2022 amounted to Rs. 1,052.46 million (2021: Rs. 2,300 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers and Company are as under:

	June 30, 2022		June 30, 2021	
	No. of securities	Amount (Rupees)	No. of securities	Amount (Rupees)
Customers	114,757,820	545,231,317	136,322,320	858,538,611
Company	97,986,070	507,233,702	60,640,619	1,441,741,337
	<u>212,743,890</u>	<u>1,052,465,019</u>	<u>196,962,939</u>	<u>2,300,279,948</u>

		2022	2021
	Note	(Rupees)	(Rupees)
17. TRADE DEBTS			
Receivable from client on behalf of:			
Purchase of shares on behalf of clients	17.1	1,234,620,866	1,488,072,919
Money market and Forex Brokerage		6,677,510	39,604,870
		1,241,298,376	1,527,677,789
Considered doubtful		-	11,513,282
		1,241,298,376	1,539,191,071
Provision for expected credit losses	17.2	(16,513,282)	(11,513,282)
		1,224,785,094	1,527,677,789
17.1	This includes an amount of Rs. Nil (2021: Rs. 124,194,630) receivable from NCCPL against trade of clients.		

		2022	2021
	Note	(Rupees)	(Rupees)
17.2 Provision against expected credit losses			
Opening		11,513,282	5,113,282
Charge for the year		5,000,000	6,400,000
Closing		16,513,282	11,513,282
17.3 Treatment of amount receivable from customers			

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

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- 17.4 The Company have equity securities under custody having fair value of Rs. 1.501 billion (30 June 2021: Rs. 2.88 billion) owned by its clients as collaterals against trade debts. The aging analysis of the trade receivable from equity clients as at the reporting date is as follows:

	June 30, 2022		June 30, 2021	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Past due 1 day - 30 days	1,128,883,282	-	1,095,089,859	-
Past due 31 days - 60 days	14,905,528	-	3,453,718	-
Past due 61 days to 90 days	2,282,161	-	4,064,552	-
Past due 91 days to 180 days	5,459,929	-	16,429,532	-
Past due 180 days	83,889,966	16,513,282	79,082,595	11,513,282
Total	1,234,620,966	16,513,282	1,198,120,256	11,513,282

18. **ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances to staff - secured		10,623,892	7,197,672
Trade deposit	18.1	12,582,180	33,906,563
Prepayments		1,177,997	1,277,105
Other deposits and receivables		3,886,557	2,630,700
		<u>28,270,626</u>	<u>45,012,040</u>

- 18.1 This represent deposit with National Clearing Company Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profits at rates ranging from 4.5% to 11% (2021: 4.5% to 11%)

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	Note	2022	2021
----- (Rupees) -----			
19. CASH AND BANK BALANCES			
Cash in hand		1,321,768	4,258,825
At banks:			
- Client accounts (current)		89,535,991	308,918,983
- Current accounts		7,552,839	3,806,192
- Saving accounts	19	824,683	1,213,084
		<u>99,235,281</u>	<u>318,197,084</u>
19.1	The interest rates on saving accounts range from 6% to 10% per annum (2021: 6% to 10%).		
19.2	Detail of customer assets held in designated bank accounts and CDC are as follows:		
		2022	2021
Customers assets held in the designated bank accounts		<u>89,535,991</u>	<u>308,918,983</u>
Customers assets held in the CDC (In numbers)		<u>647,671,644</u>	<u>661,110,308</u>
20. OPERATING REVENUE	Note		
Equity Brokerage commission		151,447,341	250,734,115
Inter-bank brokerage commission		19,969,421	25,759,769
Sales tax on income		(19,719,839)	(31,809,031)
		<u>151,696,922</u>	<u>244,684,854</u>
21. ADMINISTRATIVE AND OPERATING EXPENSE			
Salaries, benefits and other allowances	21.1	90,666,301	130,650,109
Fee for directors meetings		125,000	500,000
Insurance		861,180	761,433
Utilities		3,233,760	2,493,092
Printing and stationery		1,014,601	847,904
Entertainment		2,509,822	1,971,311
Communication		5,131,187	5,053,158
Vehicle running		4,931,017	4,270,634
Repairs and maintenance		4,936,289	4,757,386
Travelling and conveyance		1,146,680	1,625,065
Depreciation on right-of-use asset	13	1,696,611	1,487,560
Legal and professional charges		16,479,342	5,766,605
Fee and subscriptions		2,434,022	2,242,386
Auditors' remuneration	21.2	537,050	467,000
Rent, rates and taxes		5,283,545	4,828,846
Depreciation	12.1	4,318,245	4,706,999
Transaction and settlement cost		13,206,785	20,026,737
Business promotion		7,117,270	6,433,790
Donations and charity	21.3	2,770,330	800,000
Provision for bad debts expense		4,149,670	6,400,000
Miscellaneous		1,381,725	2,364,072
		<u>173,930,432</u>	<u>208,454,087</u>

21.1 This include remuneration to Chief Executive Officer amounting to Rs 3,320,870 (2021: 3,170,000).

CAC

	Note	2022	2021
		----- (Rupees) -----	
21.2 Auditors' remuneration			
Statutory audit fee		460,000	400,000
Sindh sales tax @ 8% (2021: 8%)		36,800	32,000
Out-of-pocket expenses		40,250	35,000
		<u>537,050</u>	<u>467,000</u>

21.3 Donation does not include any donee in whom any director or his spouse has any interest.

	Note	2022	2021
		----- (Rupees) -----	
22. FINANCE COST			
Markup on short term borrowings		164,201,288	81,210,531
Markup on long term borrowings		5,135,893	20,534,551
Markup on lease facility		373,944	174,792
Bank charges		204,026	187,358
		<u>169,915,151</u>	<u>102,107,232</u>
23. OTHER INCOME			
Income from financial assets			
Return on short term investment		-	11,030
Return on margin financing & MTS		9,661,423	15,053,572
Dividend income		10,710,109	35,275,112
Return on cash margins with PSX & PMEX		1,902,113	2,041,951
Profit from profit and loss sharing account		88,235	81,799
		<u>22,361,880</u>	<u>52,463,464</u>
Income from non-financial assets			
(loss) on disposal of fixed assets		(15,170)	(106,408)
		<u>22,346,710</u>	<u>52,357,056</u>

24. TAXATION

24.1 The Company has filed income tax return for the tax year 2021 (financial year ended June 30, 2021) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

24.2 The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under minimum tax regime of the Income Tax Ordinance, 2001.

25. EARNING PER SHARE - BASIC AND DILUTED

		2022	2021
Profit after taxation for the year	Rupees	<u>68,644,559</u>	<u>136,341,572</u>
Weighted average number of ordinary shares	Number of shares	<u>14,413,600</u>	<u>14,413,600</u>
Earning per share	Rupees	<u>4.76</u>	<u>9.46</u>
25.1 Diluted earnings per share			

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share.

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26. REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the Chief Executive and Directors of the Company are given below:

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Managerial remuneration	3,320,870	-	27,017,609	3,170,000	-	26,989,312
Fee for attending meetings	25,000	100,000	-	100,000	400,000	-
	<u>3,345,870</u>	<u>100,000</u>	<u>27,017,609</u>	<u>3,270,000</u>	<u>400,000</u>	<u>26,989,312</u>
	Number					
No. of person(s)	<u>1</u>	<u>4</u>	<u>15</u>	<u>1</u>	<u>4</u>	<u>13</u>

26.1 The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company's policy.

26.2 The total number of employees as at year end were 68 (2021: 64), whereas, average number of employees during the year were 64 (2021: 58).

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

27.1 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 placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits accordingly to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

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The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk as disclosed in note 17.4 which ultimately affects the recoverability of trade debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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

	Carrying amount	
	2022	2021
	(Rupees)	
Long term deposits	18,837,979	10,487,979
Receivable against Margin Financing Transactions	24,189,686	85,215,453
Trade debts	1,224,785,094	1,527,677,788
Advances, deposits and other receivables	28,270,626	43,734,935
Bank balances	97,913,513	313,938,260
	1,393,996,898	1,981,054,415

27.1.1 The aging of trade debts has been disclosed in note 17.4 to the financial statements. No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

All balances are denominated in local currency.

27.1.2 Bank balances

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA+ to A+ assigned by reputable credit rating agencies.

Credit rating and Collaterals

Bank balances are only held with reputable banks having sound credit ratings. The credit quality of company's bank balances can be assessed with reference to external credit rating agencies are as follows:

	Rating Agency	Long Term Rating	Short Term Rating	Rupees	%
Askari Bank Limited	PACRA	AA+	A1+	6,660,701	6.87%
Bank Al Falah	PACRA	AA+	A1+	275,833	0.28%
Bank Al Habib	PACRA	AAA	A1+	179,852	0.19%
Bank Islami Limited	PACRA	A+	A1	20,079	0.02%
Bank Of Khyber	VIS	A+	A-1	100,369	0.10%
Dubai Islamic Bank	VIS	AA	A-1+	21,402,664	22.09%
Habib Bank Limited	VIS	AAA	A-1+	2,868,614	2.96%
Habib Metropolitan Bank	PACRA	AA+	A1+	12,426,639	12.82%
IS Bank Limited	PACRA	AA-	A1+	345,523	0.36%
MCB Bank Limited	PACRA	AAA	A1+	531,543	0.55%
Meezan Bank Limited	VIS	AAA	A-1+	3,819,050	3.94%
National Bank	VIS	AAA	A-1+	2,825,190	2.92%
Summit Bank Limited	VIS	BBB-	A-3	45,440,521	46.90%
				86,886,578	

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27.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties 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 the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

Carrying amount	2022				
	Contractual cash flows	Less than six months	Up to one year	One to five years	More than five years
Rupees					
Financial liabilities					
Long term loan and finances	-	-	-	-	-
Trade creditors, accrued and other	551,153,830	551,153,830	551,153,830	-	-
Accrued mark-up	40,810,976	40,810,976	40,810,976	-	-
Short term borrowings	1,170,647,291	1,170,647,291	1,170,647,291	-	-
Current portion of lease liability	1,716,346	1,716,346	1,716,346	-	-
	1,764,328,443	1,764,328,443	1,764,328,443	-	-
2021					
Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to five years	More than five years
Rupees					
Financial Liabilities					
Long term loan and finances	200,000,000	200,000,000	-	200,000,000	-
Trade creditors, accrued and other	797,854,346	797,854,346	797,854,346	-	-
Accrued mark-up	93,037,307	93,037,307	93,037,307	-	-
Short term borrowings	1,636,863,225	1,636,863,225	1,636,863,225	-	-
Current portion of lease liability	385,776	385,776	385,776	-	-
	2,727,754,957	2,727,754,957	2,527,754,958	200,000,000	-

27.3 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 a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

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27.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Carrying amount	
	2022	2021
	----- (Rupees) -----	
Fixed Rate Investment		
- Bank balances in profit and loss sharing accounts	824,683	1,213,084

Sensitivity analysis

The Company does not have any variable rate financial instrument at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss.

A summary of the Company's interest rate gap position, categorized by the earlier of contractual repricing or maturity dates as at the year end was as follows:

	Rate		Carrying values	
	2022	2021	2022	2021
			----- (Rupees) -----	
Financial assets				
Receivable against margin financing	10% to 18%	10% to 20%	24,189,686	85,215,453
Bank balances	6% to 10%	8% to 12%	824,683	1,213,084
			25,014,369	86,428,536
Financial liabilities				
Term finance facility	8% to 12%	10% to 15%	-	200,000,000
Short term borrowing	8% to 12%	10% to 16%	1,170,647,291	1,636,863,225
			1,170,647,291	1,836,863,225
Cumulative gap			(1,145,632,922)	(1,750,434,689)

27.3.2 Price risk

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

The Company's investments in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. 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 their financial performance on an on-going basis.

27.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

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27.4 Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company's activities.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and
- requirement for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

27.5 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value.

The Company measures fair value of its financial and non-financial assets that are measured at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of assets that are traded in active markets are based on quoted market prices.

The following table shows fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. These financial assets and financial liabilities except, short term investments, long term investments and gratuity provision are carried at carrying value and their fair value is approximate to carrying value.

The provision for gratuity is carried out using actuarial valuation techniques as described in note:7.2 of financial statements.

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On Balance Sheet Financial Instruments	June 30, 2022			Fair Value			
	Assets at fair value through profit or loss	Assets at fair value through other comprehensive income	Assets at amortized cost	Total	Level 1	Level 2	Level 3
(Rupiah)							
Financial Assets							
Long term deposits	-	-	10,037,879	10,037,879	-	-	-
Short term investments	683,293,350	-	-	683,293,350	683,293,350	-	-
Receivable against margin finance transactions	-	-	24,180,686	24,180,686	-	-	-
Trade debt	-	-	1,224,705,004	1,224,705,004	-	-	-
Advances, deposits, prepayments and other receivables	-	-	20,270,626	20,270,626	-	-	-
Bank balances	-	-	97,913,513	97,913,513	-	-	-
	683,293,350	-	1,383,994,008	1,967,287,358	683,293,350	-	-
Financial liabilities							
Long term loan and finances	-	-	-	-	-	-	-
Self retirement benefits	-	-	32,706,000	32,706,000	-	-	32,706,000
Trade creditors, accrued and other liabilities	-	-	951,153,830	951,153,830	-	-	-
Accrued markup	-	-	40,032,978	40,032,978	-	-	-
Short term borrowings	-	-	1,170,647,281	1,170,647,281	-	-	-
Current portion of lease liability	-	-	1,716,346	1,716,346	-	-	-
	-	-	1,797,094,443	1,797,094,443	-	-	32,706,000

On Balance Sheet Financial Instruments	June 30, 2021			Fair Value			
	Assets at fair value through profit or loss	Assets at fair value through other comprehensive income	Assets at amortized cost	Total	Level 1	Level 2	Level 3
(Rupiah)							
Financial Assets							
Long term deposits	-	-	10,407,579	10,407,579	-	-	-
Short term investments	1,005,262,999	-	-	1,005,262,999	1,005,262,999	-	-
Receivable against margin finance transactions	-	-	85,205,451	85,205,451	-	-	-
Trade debt	-	-	1,527,627,700	1,527,627,700	-	-	-
Advances, deposits, prepayments and other receivables	-	-	6,303,048	6,303,048	-	-	-
Bank balances	-	-	21,120,259	21,120,259	-	-	-
	1,005,262,999	-	1,634,653,977	1,639,916,976	1,005,262,999	-	-
Financial liabilities							
Long term loan and finances	-	-	20,200,000	20,200,000	-	-	-
Self retirement benefits	-	-	20,200,000	20,200,000	-	-	20,200,000
Trade creditors, accrued and other liabilities	-	-	797,054,346	797,054,346	-	-	-
Accrued markup	-	-	91,037,307	91,037,307	-	-	-
Short term borrowings	-	-	1,626,063,225	1,626,063,225	-	-	-
Current portion of liability against leased assets	-	-	265,776	265,776	-	-	-
	-	-	2,753,750,748	2,753,750,748	-	-	20,200,000

CXC

28. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structures in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

Net capital requirements of the Company are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

29. BASE MINIMUM CAPITAL

In compliance with the Regulation 19.3 of the Rule Book of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Securities Brokers (Licensing and Operations) Regulations, 2016 is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, as at 30 June 2022, the Company is required to maintain BMC of Rs. 23 million.

The notional value of TREC, cash deposit and breakup value of shares for the purpose of BMC is determined by PSX as under:

Trading Right Entitlement	14.1	2,500,000
Cash Deposit	15.1	13,205,979
Securitized PSX Shares		15,958,800
		<u>31,664,779</u>

		2022	2021
		----- (Rupees) -----	
30. Capital Adequacy Level			
Total assets	30.1	2,072,225,041	3,915,743,827
Total liabilities		(1,799,438,949)	(2,502,683,032)
Revaluation reserve created upon revaluation of fixed assets			-
		<u>272,786,092</u>	<u>1,413,060,795</u>

30.1 While determining the value of the total assets of the TREC Holder, Notional value of the TREC certificate held by Pearl securities limited as at year ended 30 June 2022 as determined by Pakistan Stock Exchange has been considered.

31. Net Capital balance

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.

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DESCRIPTION	VALUATION BASIS	Rupees VALUE
Current Assets		
Cash in hand	As per book value	1,321,768
Cash at bank	As per book value	
- In the name of broker		8,377,522
- In the name of client		89,535,991
Trade Receivables	Book Value	1,258,810,552
	Less: Over due for more than 14 days	(224,999,455)
Securities purchased for clients	Securities purchased for the clients and held by the member where the payment has not been received within 14 days	212,152,667
Deposits against exposure and losses with Karachi Stock Exchange	As per Book Value	12,545,451
Investment in listed Securities in the name of broker	Market-value	587,334,550
	Less: 15% discount	(88,100,187)
Listed TFCs / Corporate Bonds (Not less than BBB grade)	Market-value	-
	Less: 10% discount	-
Federal investment bonds/ PIBs	Market-value	-
	Less: 5% discount	-
Treasury Bills	At Market value	-
		1,857,378,859
Current Liabilities		
Trade payables	Book value	88,237,048
	Less: overdue for more than 30 days	(39,276,819)
Other liabilities	As classified under the generally acceptable accounting principles	1,676,191,395
Trade payables	Overdue by 30 days	39,276,819
		1,764,328,443
Net Capital Balance as at June 30, 2022		93,050,416

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31.1 NOTES TO THE NET CAPITAL BALANCE

(i) STATEMENT OF COMPLIANCE

The statement of Net Capital Balance ("the Statement") of Pearl Securities Limited ("the Company") has been prepared in accordance with Rule 2(d) and the Third Schedule of the Securities and Exchange Rules, 1971 and in accordance with the clarifications/ guidelines issued by the Securities and Exchange Commission of Pakistan (SECP).

(ii) BANK BALANCES AND CASH DEPOSITS

Note ----- Rupees -----

These are stated at book value.

Cash in hand		1,321,768
Bank balance pertaining to:		
Brokerage house		
Client	8,377,522	
Total bank balance	<u>89,535,991</u>	97,913,513
Less: adjustment to restrict client account to overall creditors		-
		<u>99,235,281</u>

(iii) The client's bank account balance amounting to **Rs. Nil** has been restricted to overall trade payable balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification/guidelines issued by SECP on 03 July 2013.

(iv) TRADE RECEIVABLES

These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

----- Rupees -----

Trade receivables (Equity)	1,234,620,866
Receivable against margin financing	24,189,686
Receivable from NCCPL	
Total receivables	<u>1,258,810,552</u>

(v) INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

Listed securities which are on the stock exchange are valued at market rates prevailing as on June 30, 2021 less 15% discount as prescribed in Rule 2(d) of the Third Schedule to the Securities and Exchange Rules, 1971, Securities. On default counter and those not appearing on the exposure list of the stock exchange where such securities are listed have been excluded from the calculation.

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Script	No. of shares	Market Value	Discount 15%	Carrying Value
AKD Hospitality Limited	800	120,360	(18,054)	102,306
Al-Shaheer Corp Limited	3,099,000	28,014,960	(4,202,244)	23,812,716
Ansan Sugar Mills Limited	2,062,285	11,981,876	(1,797,281)	10,184,595
Attock Cement Pakistan Limited	64,000	4,256,000	(638,400)	3,617,600
Attock Refinery Limited	33,133	5,824,118	(873,618)	4,950,500
Avanceon Limited	38,486	2,998,444	(449,767)	2,548,677
Asgard Mine Limited	165,500	1,701,340	(255,201)	1,446,139
Bank Alfalah Limited	43,500	1,392,000	(208,800)	1,183,200
Cherat Cement Limited	10,000	930,400	(139,560)	790,840
Chengyico Pakistan Limited	4,083,143	21,803,984	(3,270,598)	18,533,386
Dewan Cement Limited	436,000	2,354,400	(353,160)	2,001,240
Dreldar Kingway Limited	45,000	460,350	(69,053)	391,297
Engro Fertilizer	154,500	13,694,880	(2,054,232)	11,640,648
Fauji Foods Limited	597,500	3,961,425	(594,214)	3,367,211
First Capital Equities Limited	997,000	9,461,530	(1,419,230)	8,042,300
First Capital Sec Corp Limited	3,330,500	5,328,800	(799,320)	4,529,480
Flying Cement Limited	219,375	1,575,113	(236,267)	1,338,846
G3 Technologies Limited	65,500	554,130	(83,120)	471,010
Ghani Glass Limited	165,000	6,736,950	(1,010,543)	5,726,407
Ghani Global Glass Limited	49,500	546,480	(81,972)	464,508
Ghani Global Holdings Limited	253,511	4,185,467	(627,820)	3,557,647
Hascor Petroleum Limited	212,000	894,640	(134,196)	760,444
K Electric Limited	110,000	334,400	(50,160)	284,240
Koh-e-Noor Energy Limited	403,500	15,454,050	(2,318,108)	13,135,942
Koh-e-Noor Power Limited	90,000	202,500	(30,375)	172,125
Kot Addu Power Company Limited	276,500	7,612,045	(1,141,807)	6,470,238
Murree Brewery Company Limited	4,790	1,923,702	(288,555)	1,635,147
National Refinery Limited	66,121	16,700,181	(2,505,027)	14,195,154
Netsol Technologies Limited	17,500	1,745,450	(261,818)	1,483,632
Oil & Gas Development Co. Limited	20,500	1,612,735	(241,910)	1,370,825
PACE Pakistan Limited	1,374,500	4,150,990	(622,649)	3,528,341
Pak Agro Packagings Limited	104,000	1,090,400	(157,560)	892,840
Pakistan Aluminium Beverages Cans Ltd	7,500	236,475	(35,471)	201,004
Pakistan National Shipping Corporation	16,500	796,290	(119,444)	676,846
Pakistan Petroleum Limited	36,500	2,464,115	(369,617)	2,094,498
Pakistan State Oil Company Limited	30,000	5,155,200	(773,280)	4,381,920
Pakistan Stock Exchange Limited	372,953	3,815,309	(572,296)	3,243,013
Pakistan Telecommunications Ltd	225,000	1,566,000	(234,900)	1,331,100
Power Cement Limited	41,000	218,120	(32,718)	185,402
Searle Pakistan Limited	4,550	496,041	(74,406)	421,635
Shell Pakistan Limited	33,600	3,969,168	(595,375)	3,373,793
Silk Bank Limited	59,460,000	70,162,800	(10,524,420)	59,638,380
Siddiqsons Tinsplate Limited	64,500	682,410	(102,362)	580,048
Sitara Peroxide Limited	268,000	3,821,680	(573,252)	3,248,428
Sul Southern Gas Company Limited	315,000	2,853,900	(428,085)	2,425,815
Summit Bank Limited	50,002,500	112,005,600	(16,800,840)	95,204,760
TPL Traktor Limited	2,046,500	17,702,225	(2,655,334)	15,046,891
TRG Pakistan Limited	2,067,106	159,849,307	(23,977,396)	135,871,911
Unity Foods Limited	993,568	19,940,910	(2,991,137)	16,949,773
Worldcall Telecom Limited	1,530,000	2,034,800	(305,235)	1,729,565
		587,334,550	(88,100,187)	499,234,363

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(vi) SECURITIES PURCHASED FOR CLIENTS

This amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

(vii) TRADE PAYABLES

This represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.

(viii) OTHER LIABILITIES

These represent current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

The breakup is as follows:

	----- Rupees -----	
Creditors of PMEX	6,143	
Creditors of Money Market/FX	453,773,896	
Commission payable to traders	3,511,722	
Accrued & other liabilities	5,725,061	
Current portion of liability against leased assets	1,716,346	
Accrued markup	40,810,976	
Short term borrowings	<u>1,170,647,291</u>	1,676,191,395

32 Computation of Liquid Capital

S. No.	Description	Value	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	37,419,433	100.00%	-
1.2	Intangible Assets	2,750,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)		-	
Investment in Debt. Securities				
<i>If listed then:</i>				
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%	-
<i>If unlisted then:</i>				
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%	-
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.		587,334,550	126,536,357	460,798,193
ii. If unlisted, 100% of carrying value.			100.00%	-
iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.				
Investment in PSX shares				
Investment in subsidiaries				
			100.00%	
Investment in associated companies/undertaking				
i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.				
ii. If unlisted, 100% of net value.			0.00%	
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	18,837,979	100.00%	-
1.9	Margin deposits with exchange and clearing house.	12,582,180	-	12,582,180
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	41,419,807	100.00%	-
Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)				
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties.		100.00%	
1.13	Dividends receivables.			
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.)				
Others				
i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months		10,623,892		10,623,892
ii. Receivables other than trade receivables			100.00%	
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 MIM gains.			100.00%	
claims on account of entitlements against trading of securities in all markets including MIM gains.				
Receivables from customers				
i. In case receivables are against margin financing, the aggregate of (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.		24,189,686	7,374,241	16,815,445
i. Lower of net balance sheet value or value determined through				
ii. In case receivables are against margin trading, 5% of the net balance sheet value.				
ii. Net amount after deducting haircut				
iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,				
iii. Net amount after deducting haircut				

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S. No.	Head of Account	Value in Rs. Crores	Market Adjustments	Net Adjusted Value
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ix. Balance sheet value	901,972,339	-	901,972,339
	v. In case 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. x. Lower of net balance sheet value or value determined through adjustments	322,812,755	3,927,931	318,884,824
	vi. 100% haircut in the case of amount receivable from related parties.		100.00%	
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	8,377,522	0.00%	8,377,522
	ii. Bank balance-customer accounts	89,535,991	0.00%	89,535,991
	iii. Cash in hand	1,321,768	0.00%	1,321,768
1.19	Total Assets	2,059,177,902		1,820,912,154

2. Liabilities

2.1	Trade Payables			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	88,137,048	0.00%	88,137,048
	Current Liabilities			
	i. Statutory and regulatory dues	1,527,014	0.00%	1,527,014
	ii. Accruals and other payables	461,489,768	0.00%	461,489,768
	iii. Short-term borrowings	1,170,647,291	0.00%	1,170,647,291
2.2	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for bad debts			
	viii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements	42,527,322	-	42,527,322
	Non-Current Liabilities			
	i. Long-Term financing	61,110,506	100.00%	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against			
	b. Other long-term financing			
	ii. Staff retirement benefits		100.00%	
2.3	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.			
	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	1,845,438,949		1,764,328,443

GNC

S No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
3.1	Concentration in Margin Financing The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	14,007,528	100%	14,007,528
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NOCPL (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 issue 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	7,992,465	100%	7,992,465
3.9	Opening Positions in futures and options 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 ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met			
3.10	Short sell positions i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	Total Ranking Liabilities	21,999,994		21,999,994

3.11

Liquid capital

34,583,717

33. SHARES OF CLIENTS APPEARING IN CDC HOUSE ACCOUNT

	2022		
	Shares appearing in CDC House A/C	Shares of the Company	Shares of the clients held by the Company
	-----No. of shares-----		
AKD Capital Limited	200,000	-	200,000
TRG Pakistan Limited	2,042,662	2,041,106	1,556
	<u>2,242,662</u>	<u>2,041,106</u>	<u>201,556</u>
	2021		
	Shares appearing in CDC House A/C	Shares of the Company	Shares of the clients held by the Company
	-----No. of shares-----		
AKD Capital Limited	200,000	-	200,000
TRG Pakistan Limited	7,110,118	7,108,562	1,556
	<u>7,310,118</u>	<u>7,108,562</u>	<u>201,556</u>

34. BALANCES WITH RELATED PARTIES

Related parties comprise directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of chief executive, directors and executives are disclosed in note 26 to these financial statements. Payable to related parties are disclosed in note 9.1 to these financial statements.

35. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker.

The Chief operating decision maker is responsible for allocating resources and assessing performance of operating segments.

The internal reporting provided to chief operating decision maker relating to company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no changes in the reportable segments during the year.

All non-current assets of the Company as at June 30, 2022 are located in Pakistan.

CTC

36. DISCLOSURE UNDER REGULATION 5(4) OF RESEARCH ANALYST REGULATIONS, 2015

At present, the company employs 4 members (2021: 5) in its research department including one Head of Research, two Analysts and one Database Officer. All members report to Head of Research who in turn reports to CEO.

Compensation structure of research analysts is flat and is subject to qualification, experience and skillset of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents / outcome of research report.

During the year ended 30 June 2022, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 6.38 million (2021: Rs. 5.72 million), which comprises basic salary, medical allowances, gratuity and other benefits as per Company policy.

	2022	2021
	----- Number -----	
Total number of employees at the June 30	<u>74</u>	<u>57</u>
Average number of employees during the year	<u>68</u>	<u>55</u>

38. GENERAL

The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation.

39. AUTHORIZATION FOR ISSUANCE

These financial statements have been authorized for issue by the Board of Directors of the Company on

enc ~~29 OCT 2022~~



 Chief Executive



 Director



Karachi Office

F-4/2, Mustafa Avenue, Block 9,
Behind "The Forum"
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