Horizon Securities Limited

Financial Statements

Year ended 30 June 2022

Audited

Directors' Report

On behalf of the Board of Directors of Horizon Securities Limited, we are pleased to present the Audited Annual Financial Statements of your Company for the year ended on June 30, 2022 together with auditor's report thereon.

Economic Review

On the economic front, FY22 marked the beginning of global economic slowdown. Pakistan was no exception as it faced mounting inflationary pressures with CPI rising to 21.32% in June 2022 averaging 12.15% in FY22 against 8.90% recorded in the prior year. However, despite the tough global economic backdrop, Pakistan's economy continued its growth momentum, reflected by 5.97% GDP growth contributed by supportive macroeconomic policies which bolstered aggregate demand. Growth was broad based led by the manufacturing sector which posted healthy numbers (11.70% in FY22 vs 11.24% last year) on the back of robust activity across all cyclical sectors. Agriculture growth also accelerated during the outgoing year to 4.40% compared to 3.48% recorded a year earlier while the services sector posted a healthy growth of 6.19% (FY21: 6.00%). Tax revenues also remained robust rising 28% YoY to PKR 6.76trn with FBR revenues of PKR 6.14trn (+29% YoY) exceeding the revised target of PKR 6.1trn. The accelerating GDP growth led by higher aggregate demand amid accommodative monetary and fiscal policies together with the ramification of the Russia-Ukraine conflict on global commodity prices, however led to a burgeoning current account deficit which ballooned to US$ 17.3bn (FY21: US$ 2.8bn). As a result, forex reserves fell to US$ 9.8bn as of June 30, 2022 with PKR depreciating 23.1% against the US$ during the outgoing fiscal year. The high current account deficit together with rising inflationary pressures forced the central bank to change policy direction with a cumulative 675 bps of monetary tightening to 13.75% during FY22. A similar approach was adopted on the fiscal front as the new government aggressively reduced energy subsidies and also adopted tariff and non-tariff measures to curtail import. A silver lining despite all these macro vulnerabilities was resumption of the IMF Extended Fund Facility (EFF) program paving the way for the release of the 6th tranche of US$ 1 billion (cumulative funding of US$ 3 billion) While the program talks were suspended again in March 2022 following the previous government's decision to back track on some performance benchmarks particularly energy subsidies, the program is now back on track with the signing of the Staff Level Agreement in July and IMF executive Board approval on 29th August for the release of US$ 1.16 billion (7th and 8th tranche). In another positive development, the FATF plenary committee acknowledged the progress made by the country against money laundering and terrorist financing (AML/CFT) in the past few months and declared Pakistan compliant on all 34 action points. It also highlighted that Pakistan will be taken off the FATF grey list if the on-site visit due in September remains successful.

Equity Market Review

Pakistan stock market's performance has posted a boom and bust situation during FY2022 due to geopolitical tension, and domestic political uncertainty. International conflicts mounted the pressure on domestic economy, as the Super cycle of commodity prices widened the country's current account deficit (CAD) and worsened the balance of payments crisis. The benchmark KSE-100 index opened at 47,356 points in 1st July 2021 and declined by 5.1 % in the initial nine (09) months of FY2022.Investors witnessed the wipeout of 16.27% (or Rs 1.35 trillion) of investment at the PSX, as market capitalization (the total value of all listed companies) slumped to a multiyear low at RS6.95 trillion compared to the peak of Rs8.29 trillion in June 2021. Market capitalization of the PSX was Rs 8,297 billion on 30th June 2021. A total of Rs 714 billion wiped out from the market capitalization of the PSX in just Nine (09) months of FY2022. The major development of FY2022 is the issuance of Initial Public Offerings (IPOs). During FY2022, five Companies issued shares through IPOs on main board, while some companies also got them listed on Growth Enterprise Market (GEM)board

Company's Financial Overview

Following are the comparative financial results for the year 2022 and 2021

	2022	**2021**
	Rs.	Rs.
Gross Revenue	30,757,893	35,699,879
Profit before tax	7,109,300	11,924,540
Profit after tax	5,831,574	10,487,026
Total Equity	162,830,737	161,126,201
Earning per share	0.42	0.75

In the year ended on June 30, 2022 the Company's principal activity was brokerage commission. The revenues decreased to Rs. 30,757,893 (2021: Rs 35,699,879). This decrease in revenue was mainly due to decrease in brokerage commission, along with slight decrease in profits from funds placement in Margin Financing and Margin Trading. There was also a loss from portfolio investment of Rs. 161,219 (2021: Profit Rs.327,392). However, the recovery of overdue debts was quite satisfactory that resulted in reversal of

provision for doubtful debts. In bottom line we report a profit of Rs 5,831,574 (2021: Rs 10,487,026). The Company earned profit per share of Rs. 0.42 as compared to profit of Rs.0.75 per share of last year. The Management is confident to expedite the momentum of growth in coming years.

Keeping in view the funds requirement of the Company the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves

Corporate and Financial Reporting Framework

The directors are pleased to report that:

- The following were directors of the Company during the year
    - Dr. Zafar Iqbal
    - Mr. Afraz Zafar
    - Mrs. Abida Zafar
- Risks are innate in the financial services business and include elements such as liquidity, market, credit, operational, legal, regulatory and reputational risks. HSL risk management governance starts at the Board, which plays an integral role in reviewing and approving risk management policies and practices. Accordingly, the Management, with the approval of the Board has initiated comprehensive risk management processes through which it monitors, evaluates and manages the risks that are assumed in conducting the activities. A rigorous framework of limits is applied to control risk across multiple transactions, products, businesses and markets in which the Company carries out transactions. This includes setting credit and market risk limits at a variety of levels and monitoring these limits on a regular basis
- The Directors and Chief Executive did not draw any salary/benefits from the Company except waiver of brokerage Commission on shares transaction.
- During the year there have been no change in the nature of the business of the Company
- The auditor's report does not contain any reservation, observation, qualification or any adverse remarks.
- The pattern of shareholding as on June 30, 2022 is attached.
- The earning per share is of Rs. 0.42 as compared Rs. 0.75 per share of last year

- The future prospects of your Company are very encouraging on account of the Management's efforts to yield better volumes from its existing clientele as well as prospective, by expanding and growing relationships with them through the Company's premium suite of services. The Management is buoyant that the Company's business will demonstrate lucrative results, as the economy and the market are improving.

- The company has not made or likely to be made any default in the payments of its debts or obligations

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There have been no material changes since June 30, 2022 and the company has not entered into any commitment, which would affect its financial position at the date.

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- There are no doubts upon the Company's ability to continue as going concern.
- There is not material statutory payment outstanding on account of taxes, duties, levies and charges.

Auditors

The present Auditors Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, will retire on the conclusion of Annual General Meeting and have offered their services for the year ending on June 30, 2023. The Board has recommended the re-appointment of Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as auditors of the Company for the year ending on June 30, 2023, at a fee to be mutually agreed.

Acknowledgement

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We also record our appreciation and thanks to our Bankers, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan, National Clearing Company of Pakistan Limited and the Management of Pakistan Stock Exchange Limited for their continued support and guidance for the growth of Company.

Dr. Zafar Iqbal
(Chairman & CEO)

Abida Zafar
(Director)

Place: Lahore
Date: October 05, 2022

STATEMENT OF COMPLIANCE
WITH THE CORPORATE GOVERNANCE CODE FOR THE SECURITIES BROKER
FOR THE YEAR ENDED ON JUNE 30, 2022

This statement is being presented to certify the compliance with the Corporate Governance Code for Securities Broker ("Code") contained in annexure D of the Securities Broker (Licensing and Operations) Regulations, 2016 for the purpose of establishing a framework of good governance, whereby a securities broker is managed in compliance with the best practices of corporate governance. We hereby confirm that during the year ended on June 30, 2022 the Company has made the compliance of all material principles contained in the Code

Dr. Zafar Iqbal
(Chairman & CEO)

Abida Zafar
(Director)

Place: Lahore
Date: October 05, 2022

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I, Dr. Zafar Iqbal, Chief Executive Officer of the Horizon Securities Limited, hereby certify that there were no transactions entered into by the Horizon Securities Limited during the year ended on June 30, 2022 which were fraudulent, illegal or in violation of any securities market laws

Dr. Zafar Iqbal
Chairman & CEO

Place: Lahore
Date: October 05, 2022

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

72-A, Faisal Town,
Lahore - 54770, Pakistan.

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INDEPENDENT AUDITOR'S REPORT

To the members of HORIZON SECURITIES LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **HORIZON SECURITIES LIMITED** ['the Company'], which comprise the statement of financial position as at **30 June 2022**, the statement of profit or loss, the statement of 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, the statement of 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 the profit, 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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

RSRIR

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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, the statement of 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;

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

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

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore | 05 October 2022

UDIN: AR202210185VzlmjlweB

HORIZON SECURITIES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	2,115,344	2,681,262
Right-of-use assets	7	22,290,978	7,256,778
Intangible assets	8	2,500,000	2,500,000
Long term investments	9	16,406,874	20,533,912
Long term deposits	10	1,680,000	1,680,000
		44,993,196	34,651,952
CURRENT ASSETS			
Trade receivables	11	40,934,941	27,176,167
Investment in margin financing	12	-	4,227,018
Investment in margin trading	13	-	8,990,081
Short term deposits	14	15,982,792	25,573,593
Advances and other receivables	15	68,287,504	67,765,034
Short term investments	16	460,986	744,328
Current taxation	17	3,475,147	4,068,050
Cash and bank balances	18	38,229,860	36,167,875
		167,371,230	174,712,146
CURRENT LIABILTIES			
Trade and other payables	19	(30,738,583)	(41,199,855)
Current portion of non-current liabilities		(4,745,095)	(1,833,514)
		(35,483,678)	(43,033,369)
NET CURRENT ASSETS		131,887,552	131,678,777
NON-CURRENT LIABILITIES			
Lease liabilities	20	(14,050,011)	(5,204,528)
		(14,050,011)	(5,204,528)
NET ASSETS		162,830,737	161,126,201
REPRESENTED BY:			
SHARE CAPITAL			
Authorized share capital	21	200,000,000	200,000,000
Issued share capital	22	139,650,000	139,650,000
Capital reserve	23	(11,788,316)	(7,661,278)
Retained earnings		34,969,053	29,137,479
TOTAL EQUITY		162,830,737	161,126,201
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY		162,830,737	161,126,201

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

RSRIR
for identification only

HORIZON SECURITIES LIMITED

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
Brokerage and commission		15,898,067	32,208,346
Dividend income		1,439,057	626,830
Interest on exposure deposits		1,247,802	1,412,093
Return on margin financing		437,156	754,273
Return on margin trading		42,913	212,664
(Loss)/gain on disposal of short term investments		(161,219)	327,392
Impairment reversal/(allowance) for expected credit losses	34.1.6	11,854,117	(3,344,172)
Net revenue		30,757,893	32,197,426
Administrative expenses	25	(22,745,848)	(22,926,150)
		8,012,045	9,271,276
Changes in fair value of financial assets at fair value through profit or loss	16	(103,342)	12,411
		7,908,703	9,283,687
Finance cost	26	(2,499,173)	(1,104,326)
Other income	27	1,699,770	3,745,179
Profit before taxation		7,109,300	11,924,540
Provision for taxation	28	(1,277,726)	(1,437,514)
Profit after taxation		5,831,574	10,487,026
Earnings per share - *basic and diluted*	29	0.42	0.75

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

HORIZON SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22	30-Jun-21
		Rupees	*Rupees*
Items that will not be reclassified to profit or loss			
Financial assets at fair value through OCI	9	(4,127,038)	928,373
Related taxation		-	-
		(4,127,038)	928,373
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive (loss)/income		(4,127,038)	928,373
Profit after taxation		5,831,574	10,487,026
Total comprehensive income		1,704,536	11,415,399

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

HORIZON SECURITIES LIMITED

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

	Share capital	Capital reserves		
	Issued share capital	Reserve for financial assets measured at FVTOCI	Retained earnings	Total equity
	Rupees	Rupees	*Rupees*	*Rupees*
Balance as at 01 July 2020	139,650,000	(8,589,651)	18,650,453	149,710,802
Comprehensive income				
Profit after taxation	-	-	10,487,026	10,487,026
Other comprehensive income	-	928,373	-	928,373
Total comprehensive income	-	928,373	10,487,026	11,415,399
Transactions with owners	-	-	-	-
Balance as at 30 June 2021	139,650,000	(7,661,278)	29,137,479	161,126,201
Balance as at 01 July 2021	**139,650,000**	**(7,661,278)**	**29,137,479**	**161,126,201**
Comprehensive income				
Profit after taxation	-	-	5,831,574	5,831,574
Other comprehensive loss	-	(4,127,038)	-	(4,127,038)
Total comprehensive income	-	(4,127,038)	5,831,574	1,704,536
Transactions with owners	-	-	-	-
Balance as at 30 June 2022	**139,650,000**	**(11,788,316)**	**34,969,053**	**162,830,737**

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

HORIZON SECURITIES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	30	10,396,315	(5,244,083)
Payments for:			
Interest on lease liabilities		(2,479,778)	(1,026,130)
Income tax		(684,823)	(545,354)
Net cash generated from/(used in) operating activities		7,231,714	(6,815,567)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of short term investments		(1,649,895)	(10,881,664)
Proceeds from disposal of short term investments		1,668,676	12,809,128
Dividend received		1,439,057	626,830
Purchase of property and equipment		(38,500)	(281,705)
Proceeds from disposal of property and equipment		1,870,000	11,000,000
Net cash generated from investing activities		3,289,338	13,272,589
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(8,459,067)	(1,438,753)
Net cash used in financing activities		(8,459,067)	(1,438,753)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,061,985	5,018,269
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		36,167,875	31,149,606
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	38,229,860	36,167,875

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 LEGAL STATUS AND OPERATIONS

Horizon Securities Limited ['the Company'], was incorporated in Pakistan on 08 January 2007 as a Single Member Company under the repealed Companies Ordinance, 1984. The Company was incorporated pursuant to the corporatisation policy of the Securities and Exchange Commission of Pakistan ['SECP'] to enable the individual members of stock exchanges to transfer their membership along with all entitlements related thereto to a corporate entity. The status of the Company was first converted into a Private Limited Company with effect from 27 May 2011 and subsequently a Public Limited Company with effect from 27 June 2011. The principal activity of the Company is to carry on the business of stock brokerage and investments. The registered office of the Company is situated at 2nd Floor, Plaza 79-A, Bankers Cooperative Housing Society, Lahore in the Province of Punjab.

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;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan 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 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost

2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 33.1)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Significant increase in credit risk (see note 34.1.1)

As explained in note 34.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 34.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 13.967 million (30-Jun-21: Rs. 16.450 million). Further information on the Company's credit risk management practices and credit quality and impairment of financial assets is referred to in note 34.1.3.

(b) Taxation provisions (see note 28)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The provision for current tax is estimated at Rs. 825,450 (30-Jun-21: Rs. 1.437,514). The management believes that the provision for current tax made in the financial statements is sufficient to discharge related tax liability.

Further information on the taxation provisions is referred to in note 28.

(c) Deferred tax assets on unused tax losses and credits (see note 28.3)

Deferred tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has Rs. 8.929 million (30-Jun-21: Rs. 26.453 million) of tax losses and credits carried forward as at the reporting date and available to the Company against future taxable profits. Out of these, deferred tax asset has been recognized on tax losses and credits amounting to Rs. nil (30-Jun-21: Rs. nil).

If the Company was able to recognize all unrecognized deferred tax assets, deferred tax assets and equity as at the reporting date would have increased by Rs. 7.42 million (30-Jun-21: Rs. 19.69 million)

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These financial statements were authorized for issue on 05 October 2022 by the Board of Directors of the Company.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments:

Recognition and Measurement, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

3.2 COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance contracts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property and equipment

Property and equipment assets held for use in the supply of services or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated.

Assets in the course of construction for supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in statement of income and expenditure, using rates specified in note 6, so as to write off the cost of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method, with the exception of right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method. Depreciation commences from the month in which the item is ready for intended use and is discontinued from the month in which the asset is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A property and equipment asset is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of income and expenditure.

5.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in statement of income and expenditure, over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

5.3 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized in profit or loss.

5.4 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.5 Financial instruments

5.5.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.5.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a) Financial assets at amortized cost

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows 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.

(b) Financial assets at fair value through other comprehensive income

These are :

(i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling 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; and

(ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

(c) Financial assets at fair value through profit or loss

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(d) Financial liabilities at amortized cost

These are financial liabilities which are not derivates, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

(e) Financial liabilities at fair value through profit or loss

These are financial liabilities which have not been classified as 'financial liabilities at amortized cost' or for which the Company makes an irrevocable election at initial recognition to designate as 'financial liabilities at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

5.5.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

5.5.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

5.5.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.5.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

5.6 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.7 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.8 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in profit or loss.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of use asset is recognized in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

5.9 Short-term leases

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

5.10 Trade and other payables

5.10.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.10.2 Non-financial liabilities

These, on initial recognition and subsequently, are measured at cost.

5.11 Trade and other receivables

5.11.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade receivables that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.11.2 Non-financial assets

These, on initial recognition and subsequently, are measured at cost.

5.12 Investments in listed equity securities

Investments in listed equity securities are classified as 'financial assets at fair value through profit or loss'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in profit or loss. Gains and losses on de-recognition are recognized in profit or loss. Dividend income is recognized in profit or loss when right to receive payment is established.

5.13 Investments in unlisted equity securities

Investments in unlisted equity securities are classified as 'financial assets at fair value through other comprehensive income'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in other comprehensive. Cumulative gains and losses from changes in fair value recognized in other comprehensive income are transferred to accumulated profits on derecognition. Dividend income is recognized in profit or loss when right to receive payment is established.

5.14 Investments in mutual funds

Investments in mutual funds are classified as 'financial assets at fair value through profit or loss'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in profit or loss. Gains and losses on de-recognition are recognized in profit or loss. Dividend income is recognized in profit or loss when right to receive payment is established.

5.15 Contracts with Customers

5.15.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue from a contract with customer when the Company satisfies an obligation specified in that contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Source of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Brokerage income	Performance obligations are satisfied when trades are executed by or on behalf of customer. Payments are typically due on settlement.	Revenue is recognised at a point in time when trades are executed by or on behalf of customers.
Return on margin financing/trading	Performance obligations are satisfied over time as credit is utilized by customer. Payments are typically due on settlement.	Revenue is recognised over time as credit is utilized by customer.

5.15.2 Contract assets

Contract assets represent work performed up to the reporting date which has not been invoiced to customers because the related performance obligations remain partially unsatisfied as at the reporting date.

5.15.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

5.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

5.18 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

5.18.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.18.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.19 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

5.21 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that 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. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.22 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. 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 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. The Company is a single operating segment based on internal reporting to the Chief Executive Officer of the Company.

5.23 Impairment

5.23.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade receivables, for which the Company recognises lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

5.23.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.24 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that

market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

HORIZON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

6 PROPERTY AND EQUIPMENT

	30-Jun-22										
	COST					DEPRECIATION					Net book value as at 30-Jun-22
	As at 01-Jul-21 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at 30-Jun-22 *Rupees*	Rate	As at 01-Jul-21 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 30-Jun-22 *Rupees*	*Rupees*
Freehold land	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	953,599	-	-	-	953,599	10	690,191	26,341	-	716,532	237,067
Office equipment	1,860,956	-	-	-	1,860,956	10	905,052	95,590	-	1,000,642	860,314
Electric installations and equipment	508,917	-	-	-	508,917	10	342,194	16,672	-	358,866	150,051
Computer	2,191,808	38,500	-	-	2,230,308	30	1,822,531	120,408	-	1,942,939	287,369
Vehicles	4,620,846	-	(1,963,332)	-	2,657,514	20	3,694,896	175,177	(1,793,102)	2,076,971	580,543
	10,136,126	38,500	(1,963,332)	-	8,211,294		7,454,864	434,188	(1,793,102)	6,095,950	2,115,344

	30-Jun-21										
	COST					DEPRECIATION					Net book value as at 30-Jun-21
	As at 01-Jul-20 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at 30-Jun-21 *Rupees*	Rate	As at 01-Jul-20 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 30-Jun-21 *Rupees*	*Rupees*
Freehold land	6,000,000	-	(6,000,000)	-	-		-	-	-	-	-
Furniture and fixtures	953,599	-	-	-	953,599	10	660,924	29,267	-	690,191	263,408
Office equipment	1,709,751	151,205	-	-	1,860,956	10	804,444	100,608	-	905,052	955,904
Electric installations and equipment	472,917	36,000	-	-	508,917	10	325,340	16,854	-	342,194	166,723
Computer	2,097,308	94,500	-	-	2,191,808	30	1,686,261	136,270	-	1,822,531	369,277
Vehicles	9,830,926		(5,210,080)	-	4,620,846	20	7,279,244	370,911	(3,955,259)	3,694,896	925,950
	21,064,501	281,705	(11,210,080)	-	10,136,126		10,756,213	653,910	(3,955,259)	7,454,864	2,681,262

6.1 Freehold land of the Company was located at District Lahore with a total area of 1 Kanal 6 Marla (30-Jun-21: 1 Kanal 6 Marla).

HORIZON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

6.2 Disposal of property and equipment

	30-Jun-22						
Particulars	**Cost**	**Accumulated depreciation**	**Net book value**	**Disposal proceeds**	**Gain/(loss) on disposal**	**Mode of disposal**	**Particulars of buyer**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***		
Vehicles							
Honda Civic	**1,963,332**	**1,793,102**	**170,230**	**1,870,000**	**1,699,770**	**Negotiation**	**Muhammad Hassan, Sheikhupura.**
	1,963,332	**1,793,102**	**170,230**	**1,870,000**	**1,699,770**		

	30-Jun-21						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Freehold land							
1 Kanal 6 Marla	6,000,000	-	6,000,000	6,500,000	500,000	Company Policy	Dr. Zafar Iqbal, Lahore.
Vehicles							
Toyota Fortuner	5,210,080	3,955,259	1,254,821	4,500,000	3,245,179	Insurance claim	EFU Insurance, Lahore.
	11,210,080	3,955,259	7,254,821	11,000,000	3,745,179		

HORIZON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

7 RIGHT-OF-USE ASSETS

	30-Jun-22										
	COST					DEPRECIATION					Net book
	As at 01-Jul-21 *Rupees*	Additions *Rupees*	Adjustment *Rupees*	Transfers *Rupees*	As at 30-Jun-22 *Rupees*	Rate	As at 01-Jul-21 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 30-Jun-22 *Rupees*	value as at 30-Jun-22 *Rupees*
Vehicles	**6,567,000**	**20,216,131**	**-**	**-**	**26,783,131**	**20**	**1,838,760**	**4,315,003**	**-**	**6,153,763**	**20,629,368**
Office premises	**4,334,640**	**-**	**-**	**-**	**4,334,640**	**20**	**1,806,102**	**866,928**	**-**	**2,673,030**	**1,661,610**
	10,901,640	**20,216,131**	**-**	**-**	**31,117,771**		**3,644,862**	**5,181,931**	**-**	**8,826,793**	**22,290,978**

	30-Jun-21										
	COST					DEPRECIATION					Net book
	As at 01-Jul-20 *Rupees*	Additions *Rupees*	Adjustment *Rupees*	Transfers *Rupees*	As at 30-Jun-21 *Rupees*	Rate	As at 01-Jul-20 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at 30-Jun-21 *Rupees*	value as at 30-Jun-21 *Rupees*
Vehicles	6,567,000	-	-	-	6,567,000	20	656,700	1,182,060	-	1,838,760	4,728,240
Office premises	4,203,052	-	131,588	-	4,334,640	20	910,663	866,928	28,511	1,806,102	2,528,538
	10,770,052	-	131,588	-	10,901,640		1,567,363	2,048,988	28,511	3,644,862	7,256,778

		Note	30-Jun-22	30-Jun-21
			Rupees	Rupees
8	**INTANGIBLE ASSETS**			
	Gross carrying amount	8.1	**5,000,000**	5,000,000
	Accumulated impairment		**(2,500,000)**	(2,500,000)
			2,500,000	2,500,000

8.1 This represents Trading Rights Entitlement Certificate ['TREC'] received from Lahore Stock Exchange Limited, now Pakistan Stock Exchange Limited ['PSX'] in accordance with the requirements of the Stock Exchange (Corporation, Demutualization and Integration) Act, 2012.

		Note	30-Jun-22	30-Jun-21
			Rupees	Rupees
9	**LONG TERM INVESTMENTS**			
	LSE Financial Services Limited 843,975 (30-Jun-21: 843,975) ordinary shares of Rs. 33.41 each			
	Cost of investment	9.1	**28,195,190**	28,195,190
	Changes in fair value		**(11,788,316)**	(7,661,278)
			16,406,874	20,533,912

9.1 These represents 843,975 ordinary shares in LSE Financial Services Limited ['LSE']. Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the ownership rights in a stock exchange were segregated from the right to trade on that stock exchange. This arrangement resulted in allocation of 843,975 ordinary shares at Rs. 10 each and Trading Rights Entitlement Certificate to the company against cancelation/surrender of membership of Lahore Stock Exchange.

The right to proceeds from disposal of these shares and any dividend/bonus is respect of these shares is vested with the Company, however voting rights attached to these shares are suspended. The investment has been classified as 'financial asset at fair value through OCI' with the changes in fair value recognized in other comprehensive income. These shares are valued at net assets value per share of LSE as at the reporting date.

		Note	30-Jun-22	30-Jun-21
			Rupees	Rupees
10	**LONG TERM DEPOSITS**			
	Central Depository Company of Pakistan Limited	10.1	**100,000**	100,000
	National Clearing Company of Pakistan Limited	10.1	**1,400,000**	1,400,000
	Other Deposits	10.2	**180,000**	180,000
			1,680,000	1,680,000

10.1 These represent security deposits placed with various regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

10.2 These represents security deposits for rented office premises. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these have been carried at historical cost as the difference between historical cost and amortized cost is considered immaterial.

		Note	30-Jun-22	30-Jun-21
			Rupees	Rupees
11	**TRADE RECEIVABLES**			
	Considered good	11.2	**45,035,619**	43,130,962
	Gross amount due		**45,035,619**	43,130,962
	Impairment allowance for expected credit losses	11.3	**(4,100,678)**	(15,954,795)
			40,934,941	27,176,167

11.1 Securities pertaining to the clients held in sub-accounts of the Company comprise 24,153,495 shares (30-Jun-21:31,374,934 shares)

valued at Rs. 211.35 million (30-Jun-21: Rs. 375.82 million). Nil shares (30-Jun-21: 400,001 shares) valued at nil (Rs. 30.998 million) are pledged with NCCPL against margin exposure.

11.2 These include Rs. 35,781,839 (30-Jun-21: Rs. 1,813,825) receivable from related parties against trading of shares carried out by them. The ageing of receivables from related parties is as follows:

	Note	**30-Jun-22**	30-Jun-21
		Rupees	*Rupees*
Due by less than 5 days		**200,600**	503,889
Due by more than 5 days		**35,581,239**	1,309,936
		35,781,839	1,813,825

11.3 Impairment allowance for expected credit loss

As at beginning of the year		**15,954,795**	15,834,865
Recognized during the year	*34.1.6*	**4,100,678**	19,337,318
Reversed during the year	*34.1.6*	**(15,954,795)**	(15,834,865)
Written off during the year	*34.1.6*	**-**	(3,382,523)
As at end of the year		**4,100,678**	15,954,795

12 INVESTMENT IN MARGIN FINANCING

Considered good	*12.1*	**-**	4,227,018
		-	4,227,018
Impairment allowance for expected credit loss	*12.2*	**-**	-
		-	4,227,018

12.1 This represents margin financing extended to the Company's clients through National Clearing Company of Pakistan ['NCCPL']. This amount was secured against securities of clients held in house account. Margin financing was provided on Financing Participation Ratio of up to 75% and carried interest at rates ranging from 15.47% to 21.01% (30-Jun-21: 16.33% to 21.82%) per annum.

	Note	**30-Jun-22**	30-Jun-21
		Rupees	*Rupees*

12.2 Impairment allowance for expected credit loss

As at beginning of the year		**-**	158,281
Reversed during the year	*34.1.6*	**-**	(158,281)
As at end of the year		**-**	-

13 INVESTMENT IN MARGIN TRADING

This represents margin trading extended to the stock investor through NCCPL. This amount was secured against securities of investor held in separate house account. Margin trading was provided on Financing Participation Ratio of up to 85% and carried interest at rates ranging from 8.83% to 15.68% (30-Jun-21: 7.98% to 15.98%) per annum. This amount represented Finance Participation Ratio ['FPR'] in Margin Trading System as at 30 June 2022.

14 SHORT TERM DEPOSITS

These represents deposits and margin with PSX and NCCPL.

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
15 ADVANCES AND OTHER RECEIVABLES			
Advances to employees		**464,625**	381,000
Advance against purchase of shares	15.1	**67,200,000**	67,200,000
Prepaid Insurance		**348,736**	65,982
Other receivables		**274,143**	118,052
		68,287,504	67,765,034

15.1 This represents advances paid to director of the Company for purchase of shares of Horizon High Yield (Private) Limited, a related party.

16 SHORT TERM INVESTMENTS

This represents investment in listed equity securities held for trading and mandatorily classified as "financial assets at fair value through profit or loss". Particulars of investments are as follows:

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
Investments in listed equity securities	16.1	**417,930**	704,710
Investments in mutual funds	16.2	**43,056**	39,618
		460,986	744,328

16.1 Investments in listed equity securities

	30-Jun-22		30-Jun-21	
	Carrying value	Fair value	Carrying value	Fair value
	Rupees	Rupees	Rupees	Rupees
Dawood Hercules Corporation Limited 1,000 (30-Jun-21: 1,000) ordinary shares of Rs. 10 each Market value: Rs. 92.56 (30-Jun-21: Rs. 115.02) per share	**115,020**	**92,560**	127,920	115,020
Engro Corporation Limited 1,000 (30-Jun-21: 1,000) ordinary shares of Rs. 10 each Market value: Rs. 257.09 (30-Jun-21: Rs. 294.61) per share	**294,610**	**257,090**	292,920	294,610
Frieslandcampina Engro Pakistan Limited 1,000 (30-Jun-21: 1,000) ordinary shares of Rs. 10 each Market value: Rs. 68.28 (30-Jun-21: Rs. 115.08) per share	**115,080**	**68,280**	73,510	115,080
Pakistan Services Limited Nil (30-Jun-21: 200 ordinary shares of Rs. 10 each Market value: Rs. nil (30-Jun-21: Rs. 900) per share	**-**	**-**	198,000	180,000
	524,710	**417,930**	692,350	704,710

16.2 Investments in mutual funds

MCB Cash Management Optimizer 425.0363 (30-Jun-21: 392.4119) units Market value: Rs. 101.2998 (30-Jun-21: Rs. 100.9591) per s	**39,618**	**43,056**	39,567	39,618
	39,618	**43,056**	39,567	39,618

		Note	30-Jun-22	30-Jun-21
			Rupees	*Rupees*
17	**CURRENT TAXATION**			
	Advance income tax/income tax refundable		**4,363,606**	5,629,135
	Provision for taxation	*28*	**(888,459)**	(1,561,085)
			3,475,147	4,068,050
18	**CASH AND BANK BALANCES**			
	Cash in hand		**580**	6,663
	Current accounts - *local currency*			
	Proprietary accounts		**9,305,786**	13,314,074
	Client accounts		**28,923,494**	22,847,138
			38,229,280	36,161,212
			38,229,860	36,167,875
19	**TRADE AND OTHER PAYABLES**			
	Trade creditors		**28,809,249**	38,131,968
	Payable to NCCPL		**-**	595
	Accrued liabilities		**1,720,387**	2,456,137
	Punjab sales tax payable		**176,947**	504,155
	Withholding tax payable		**32,000**	107,000
			30,738,583	41,199,855
20	**LEASE LIABILITIES**			
	Present value of minimum lease payments	*20.1 & 20.2*	**18,795,106**	7,038,042
	Current portion presented under current liabilities	*20.1 & 20.2*	**(4,745,095)**	(1,833,514)
			14,050,011	5,204,528

20.1 These represent liabilities against right-of-use assets comprising vehicles and office premises.

Vehicle leases are priced at six months KIBOR plus 6% (30-Jun-21: six months KIBOR plus 6%) per annum. Lease rentals are payable monthly over a tenor of 5 years. The Company also has the option to acquire these vehicles at the end of their respective lease terms by adjusting the deposit amount against the residual value of the vehicles and intends to exercise the option. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of these vehicles are borne by the Company.

Lease of office premises has been recognized using a discount rate of 13.24% (30-Jun-21: 13.24%) per annum. Lease rentals are payable monthly over the lease term of five years.

20.2 The amount of future payments under the lease arrangements and the period in which these payments will become due are as follows:

	Note	30-Jun-22	30-Jun-21
		Rupees	*Rupees*
Not later than one year		**7,542,717**	2,647,191
Later than one year but not later than five years		**17,571,130**	6,013,893
Total future minimum lease payments		**25,113,847**	8,661,084
Finance charge allocated to future periods		**(6,318,741)**	(1,623,042)
Present value of future minimum lease payments		**18,795,106**	7,038,042
Not later than one year		**(4,745,095)**	(1,833,514)
Later than one year but not later than five years		**14,050,011**	5,204,528

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21 AUTHORIZED SHARE CAPITAL

30-Jun-22	30-Jun-21		30-Jun-22	30-Jun-21
No. of shares	*No. of shares*		*Rupees*	*Rupees*
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000,000**	200,000,000
20,000,000	20,000,000		**200,000,000**	200,000,000

22 ISSUED SHARE CAPITAL

30-Jun-22	30-Jun-21		30-Jun-22	30-Jun-21
No. of shares	*No. of shares*		*Rupees*	*Rupees*
		Ordinary shares of Rs. 10 each		
9,965,000	9,965,000	Issued for cash	**99,650,000**	99,650,000
4,000,000	4,000,000	Issued for other than cash	**40,000,000**	40,000,000
13,965,000	13,965,000		**139,650,000**	139,650,000

	30-Jun-22	30-Jun-21
	Rupees	*Rupees*

23 CAPITAL RESERVE

Reserve for financial assets measured at FVTOCI	**(11,788,316)**	(7,661,278)
	(11,788,316)	(7,661,278)

24 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments as at the reporting date.

	Note	30-Jun-22	30-Jun-21
		Rupees	*Rupees*
25 ADMINISTRATIVE EXPENSES			
Salaries and benefits		**11,513,156**	15,000,945
Printing and stationery		**89,665**	87,607
Repair and maintenance		**591,371**	418,819
Auditor's remuneration	*25.1*	**370,000**	295,000
Fee and subscription		**602,173**	546,965
Legal and professional		**543,344**	1,341,401
Traveling and conveyance		**413,471**	311,284
Entertainment		**960,171**	656,382
Insurance		**588,302**	276,808
Communication		**474,493**	583,689
Electricity		**983,583**	704,352
Depreciation on property and equipment	*6*	**5,181,931**	653,910
Depreciation on right-of-use assets	*7*	**434,188**	2,048,988
		22,745,848	22,926,150

25.1 Auditor's remuneration

Annual statutory audit	**230,000**	200,000
Certifications	**130,000**	85,000
Out of pocket expenses	**10,000**	10,000
	370,000	295,000

		Note	30-Jun-22	30-Jun-21
			Rupees	Rupees
26	**FINANCE COST**			
	Interest on lease liabilities		**2,479,778**	1,026,130
	Bank charges		**19,395**	78,196
			2,499,173	1,104,326
27	**OTHER INCOME**			
	Other income			
	Gain on disposal of property and equipment		**1,699,770**	3,745,179
			1,699,770	3,745,179
28	**PROVISION FOR TAXATION**			
	Current taxation			
	for current year	*28.1*	**888,459**	1,561,085
	for prior years		**389,267**	(123,571)
			1,277,726	1,437,514

28.1 Provision for current tax has been made under section 113 and 150 (30-Jun-21: 37A, 113C and 150) of the Income Tax Ordinance, 2001 ['the Ordinance'], accordingly no numerical reconciliation has been presented.

28.2 The income tax assessments of the Company up to and including tax year 2021 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance.

28.3 Unrecognized deferred tax assets

The Company has deferred tax asset of Rs. 7.42 million (30-Jun-21: Rs. 19.69 million) which has not been recognized as future taxable profits are not expected to be available against which the asset could be utilized. The Company has Rs. 8.929 million (30-Jun-21: Rs. 26.453 million) of tax losses carried forward as at the reporting date and available to the Company for utilization against future

Unused tax losses and credits for which no deferred tax asset has been recognized, expire as follows:

Tax year	Nature	30-Jun-22	30-Jun-21
		Rupees	Rupees
2022	Tax losses	**-**	17,581,677
2025	Tax losses	**4,324,628**	4,324,628
2026	Tax losses	**923,040**	923,040
		5,247,668	22,829,345
2022	Tax credits	**-**	162,694
2025	Tax credits	**220,324**	-
2027	Tax credits	**1,921,364**	1,921,364
2030	Tax credits	**273,456**	273,456
2031	Tax credits	**1,266,264**	1,266,264
		3,681,408	3,623,778
		8,929,076	26,453,123

		Units	30-Jun-22	30-Jun-21
29	**EARNING PER SHARE - *BASIC AND DILUTED***			
	Profit attributable to ordinary shareholders	*Rupees*	**5,831,574**	10,487,026
	Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**13,965,000**	13,965,000
	Earning per share - *basic and diluted*	*Rupees*	**0.418**	0.751

There is no dilutive effect on the basic earnings per share of the Company.

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		30-Jun-22	30-Jun-21
		Rupees	*Rupees*
30	**CASH GENERATED FROM/(USED IN) OPERATIONS**		
	Profit before taxation	**7,109,300**	11,924,540
	Adjustments for non-cash and other items		
	Interest on lease liabilities	**2,479,778**	1,026,130
	Impairment (reversal)/allowance for expected credit losses	**(11,854,117)**	3,344,172
	Changes in fair value of financial assets at fair value through profit or loss	**103,342**	(12,411)
	Dividend income	**(1,439,057)**	(626,830)
	Depreciation on property and equipment	**434,188**	2,048,988
	Depreciation on right-of-use assets	**5,181,931**	653,910
	Gain on disposal of property and equipment	**(1,699,770)**	(3,745,179)
	Loss on disposal of short term investments	**161,219**	(327,392)
		(6,632,486)	2,361,388
		476,814	14,285,928
	Changes in working capital		
	Trade receivables	**(1,904,657)**	184,559,414
	Investment in margin financing	**4,227,018**	545,753
	Investment in margin trading	**8,990,081**	(8,990,081)
	Short term deposits	**9,590,801**	(6,286,412)
	Advances and other receivables	**(522,470)**	(151,847)
	Trade and other payables	**(10,461,272)**	(189,206,838)
		9,919,501	(19,530,011)
	Cash generated from/(used in) operations	**10,396,315**	(5,244,083)
31	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**38,229,860**	36,167,875
		38,229,860	36,167,875

32 CHANGES FROM FINANCING CASH FLOWS

	30-Jun-22	30-Jun-21
	Lease liabilities	Lease liabilities
	Rupees	*Rupees*
As at beginning of the year	**7,038,042**	8,373,718
Lease liabilities recognized	**20,216,131**	-
Interest on lease liabilities	**2,479,778**	1,026,130
Remeasurement of lease liabilities	**-**	103,077
Payment of lease liabilities	**(10,938,845)**	(2,464,883)
As at end of the year	**18,795,106**	7,038,042

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise key management personnel and their family members. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Zafar Iqbal	Key management personnel	Chief Executive	99.99%
Afraz Zafar	Key management personnel	Director	0.004%
Aliza Iqbal	Family member	Close family member of director	0.00%
Anzish Iqbal	Family member	Close family member of director	0.00%
Iqbal Bakhsh	Family member	Close family member of director	0.00%
Ammad Zafar	Family member	Close family member of director	0.00%
Sahr Said	Family member	Close family member of director	0.00%

Key management personnel do not draw any compensation from the Company. The Company in the normal course of business provides brokerage services to key management personnel and their close family members at mutually agreed rates.

Details of transactions and balances with related parties are as follows:

			30-Jun-22	30-Jun-21
			Rupees	*Rupees*
32.1	**Transactions with related parties**			
	Nature of relationship	**Nature of transactions**		
	Key management personnel	Disposal of land	**-**	6,500,000
32.2	**Balances with related parties**			
	Nature of relationship	**Nature of balances**		
	Key management personnel	Advance against purchase of shares	**67,200,000**	67,200,000
	and their family members	Trade receivables	**35,781,839**	1,813,825
		Trade creditors	**436,776**	314,626

33 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

		Note	**30-Jun-22**	30-Jun-21
			Rupees	*Rupees*
33.1	**Financial assets**			
	Cash in hand		**580**	6,663
	Financial assets at amortized cost			
	Long term deposits	*10*	**1,680,000**	1,680,000
	Trade receivables	*11*	**40,934,941**	27,176,167
	Investment in margin financing	*12*	**-**	4,227,018
	Investment in margin trading	*13*	**-**	8,990,081
	Short term deposits	*14*	**15,982,792**	25,573,593
	Advances to employees	*15*	**464,625**	381,000
	Advance against purchase of shares	*15*	**67,200,000**	67,200,000
	Bank balances	*18*	**9,305,786**	13,314,074
			135,568,144	148,541,933
	Financial assets designated as fair value through OCI			
	Investments in unlisted equity securities	*9*	**16,406,874**	20,533,912

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
Financial assets at fair value through profit or loss			
Investments in listed equity securities	16	**417,930**	704,710
Investments in mutual funds	16	**43,056**	39,618
		460,986	744,328
		152,436,584	169,826,836

33.2 Financial liabilities

Financial liabilities at amortized cost			
Trade creditors	19	**28,809,249**	38,131,968
Payable to NCCPL	19	**-**	595
Accrued liabilities	19	**1,720,387**	2,456,137
Lease liabilities	20	**18,795,106**	7,038,042
		49,324,742	47,626,742

34 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

34.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

34.1.1 Credit risk management practices

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of customers and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 5 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 5 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the debtor has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit

risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

34.1.2 Exposure to credit risk

Credit risk principally arises from the Company's loans and receivables. The maximum exposure to credit risk as at the reporting date is as follows:

	Notes	**30-Jun-22**	30-Jun-21
		Rupees	*Rupees*
Financial assets at amortized cost			
Long term deposits	*10*	**1,680,000**	1,680,000
Trade receivables	*11*	**45,035,619**	43,130,962
Investment in margin financing	*12*	**-**	4,227,018
Investment in margin trading		**-**	8,990,081
Short term deposits	*15*	**15,982,792**	25,573,593
Advances to employees	*15*	**464,625**	381,000
Advance against purchase of shares	*15*	**67,200,000**	67,200,000
Bank balances	*18*	**9,305,786**	13,314,074
		139,668,822	164,496,728

34.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees	***Rupees***
Long term deposits	*10*	N/A	N/A	12-month ECL	**1,680,000**	**-**
Trade receivables	*11*	N/A	Performing	Lifetime ECL	**40,934,941**	**-**
		N/A	Doubtful	Lifetime ECL	**4,100,678**	**4,100,678**
					45,035,619	**4,100,678**
Investment in margin financing	*12*	N/A	Performing	Lifetime ECL	**-**	**-**
Investment in margin trading	*13*	N/A	Performing	Lifetime ECL	**-**	**-**
Short term deposits	*14*	N/A	Performing	12-month ECL	**15,982,792**	**-**
Advances to employees	*15*	N/A	Performing	12-month ECL	**464,625**	**-**

	Note	External rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees	*Rupees*
Advance against purchase of shares	*15*	N/A	Performing	12-month ECL	**67,200,000**	**-**
Bank balances	*18*	A2-A1+	N/A	12-month ECL	**9,305,786**	**-**
					139,668,822	**4,100,678**

(a) **Long term deposits**

These represent security deposits for rented office premises. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) **Trade receivables**

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, all trade receivables are considered 'performing' including those past due for which no loss allowance has been made, as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade receivables as at the reporting date is as follows:

	30-Jun-22		30-Jun-21	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	***Rupees***	*Rupees*	*Rupees*
Due by less than 5 days	**448,487**	**-**	1,891,666	-
Due by more than 5 days	**44,587,132**	**4,100,678**	41,239,296	15,954,795
	45,035,619	**4,100,678**	43,130,962	15,954,795

(c) **Investment in margin financing**

For margin finance, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on investment in margin financing by using internal credit risk gradings. As at the reporting date, all investment in margin financing, except where impairment allowance has been made, are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of investment in margin financing as at the reporting date is as follows:

	30-Jun-22		30-Jun-21	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	***Rupees***	*Rupees*	*Rupees*
Due by less than 5 days	**-**	**-**	194,817	-
Due by more than 5 days	**-**	**-**	4,032,201	-
	-	**-**	4,227,018	-

(d) **Investment in margin trading**

For margin trading, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on investment in margin trading by using internal credit risk gradings. As at the reporting date, all investment in margin trading, except where impairment allowance has been made, are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of investment in margin trading as at the reporting date is as follows:

	30-Jun-22		30-Jun-21	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	***Rupees***	*Rupees*	*Rupees*
Due by less than 5 days	**-**	**-**	-	-
Due by more than 5 days	**-**	**-**	8,990,081	-
	-	**-**	8,990,081	-

(e) **Advances to employees**

Advances to employees have been given against future salaries. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(f) **Short term deposits**

These deposits are placed with Pakistan Stock Exchange Limited and National Clearing Company of Pakistan Limited in accordance with the applicable regulations. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(g) **Advance against purchase of shares**

The advance has been given to a director of the Company against purchase of shares. The transfer of shares is expected to be completed in the ensuing year. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(h) **Bank balances**

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

34.1.4 Concentrations of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

	30-Jun-22	30-Jun-21
	Rupees	*Rupees*
Customers	**45,035,619**	56,348,061
Director	**67,200,000**	67,200,000
Regulatory authorities and others	**18,127,417**	27,634,593
Banking companies and financial institutions	**9,305,786**	13,314,074
	139,668,822	164,496,728

The Company's three (30-Jun-21: one) significant customer accounts for Rs. 35.06 million (30-Jun-21: Rs. 7.99 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (30-Jun-21: 10%) of trade receivables as at the reporting date. This significant customer has long standing business relationships with the Company and has a good payment record and accordingly non-performance by this customers is not expected. Management believes that trade receivables that are past due and for which no impairment allowance has been made, are collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

34.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade receivables, investment in margin financing and investment in margin trading amounting to Rs. 1.09 million, Rs. nil and Rs. nil (30-Jun-21: Rs. 2.09 million, Rs. 2.92 million and Rs. 8.99) respectively, which are secured through equity securities.

34.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses are as follows:

	Note	**30-Jun-22**	30-Jun-21
		Rupees	*Rupees*
As at beginning of the year		**15,954,795**	15,993,146
Impairment loss for expected credit losses			
- recognized during the year	*11.3 & 12.2*	**4,100,678**	19,337,318
- reversed during the year	*11.3 & 12.2*	**(15,954,795)**	(15,993,146)
Net change in impairment allowance		**(11,854,117)**	3,344,172
Written off during the year	*11.3*	**-**	(3,382,523)
As at end of the year		**4,100,678**	15,954,795

34.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

34.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer.

34.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

	30-Jun-22				
	Carrying amount *Rupees*	**Contractual cash flows** *Rupees*	**One year or less** *Rupees*	**One to three years** *Rupees*	**More than three years** *Rupees*
Lease liabilities	**18,795,106**	**25,113,847**	**7,542,717**	**13,111,448**	**4,459,682**
Trade creditors	**28,809,249**	**28,809,249**	**28,809,249**	**-**	**-**
Payable to NCCPL	**-**	**-**	**-**	**-**	**-**
Accrued liabilities	**1,720,387**	**1,720,387**	**1,720,387**	**-**	**-**
	49,324,742	**55,643,483**	**38,072,353**	**13,111,448**	**4,459,682**

	30-Jun-21				
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	One to three years *Rupees*	More than three years *Rupees*
Lease liabilities	7,038,042	8,661,084	2,647,191	6,013,893	-
Trade creditors	38,131,968	38,131,968	38,131,968	-	-
Payable to NCCPL	595	595	595	-	-
Accrued liabilities	2,456,137	2,456,137	2,456,137	-	-
	47,626,742	49,249,784	43,235,891	6,013,893	-

34.3 Market risk

34.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk.

34.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest bearing financial instruments

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

	30-Jun-22	30-Jun-21
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	**-**	13,217,099
Financial liabilities	**-**	-
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**18,795,106**	7,038,042

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 187,951 (30-Jun-21: Rs. 70,380). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

34.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investments in equity securities.

(a) Equity price risk management

The Company manages equity price risk by investing a diversified portfolio of securities to reduce the risk of loss from volatility in equity price of an individual security.

(b) Sensitivity analysis

A one percent appreciation in prices of equity securities as at reporting date would have increased profit for the year by Rs. 168,679 (30-Jun-21: Rs. 212,782). A one percent diminution in prices of equity securities as at the reporting date would have had equal but opposite effect on profit and equity. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

35 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. The Company has minimal reliance on external borrowings as it seeks to enjoy the advantages and security afforded by a sound capital position. The Company monitors capital based on the minimum capital/net-worth requirements of Regulation 6 of Securities Brokers (Licensing and Operations) Regulations 2016 for maintaining Net Capital Balance, Liquid Capital and Net-Worth/Capital Adequacy as prescribed. There was no change in the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS
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36 LIQUID CAPITAL

The Company's liquid capital as on 30 June 2022 under Schedule III to the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Regulation 6 thereof is as follows:

SR.	HEAD OF ACCOUNT	VALUE *Rupees*	HAIR CUT/ADJUSTMENTS	ADJUSTED VALUE *Rupees*
1	**ASSETS**			
1.1	Property and equipment	24,406,322	100.00%	-
1.2	Intangible assets	2,500,000	100.00%	-
1.3	Investment in Government securities	-	Sale value on the basis of PKRV published by NIFT	-
1.4	Investment in debt securities			
	Listed securities			
	Tenure up to 1 year	-	5.00%	-
	Tenure from 1 to 3 years	-	7.50%	-
	Tenure more than 3 years	-	10.00%	-
	Unlisted securities			
	Tenure up to 1 year	-	10.00%	-
	Tenure from 1 to 3 years	-	12.50%	-
	Tenure more than 3 years	-	15.00%	-
1.5	Investment in equity securities			
	Listed securities	417,930	Higher of 15% or VaR computed by SECP	355,241
	Unlisted securities	16,449,930	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	Investment in associated companies/undertakings			
	Listed securities	-	Higher of 20% or VaR computed by SECP	-
	Unlisted securities	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with exchanges, clearing houses, central depository or any other entity.	1,680,000	100.00%	-
1.9	Margin deposits with exchange and clearing house	15,982,792	0.00%	15,982,792
1.10	Deposits with authorized intermediary against borrowed securities under SLB	-	0.00%	-
1.11	Other deposits and prepayments	348,736	100.00%	-
1.12	Accrued interest/profit on amounts placed with financial institutions	-	0.00%	-
	on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivable	-	0.00%	-
1.14	Amount receivable against REPO financing	-	Amount paid has purchaser under REPO agreement (securities purchased under REPO arrangement excluded from investments)	-
1.15	Receivables other than trade receivables	71,413,915	100.00%	-
1.16	Receivables from clearing house or securities exchange(s)	3,692,141	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains. (Reported at lower of balance sheet value or adjusted value)	3,692,141
			claims on account of entitlements against trading of securities in all markets including MtM gains.	-

HORIZON SECURITIES LIMITED

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SR.	HEAD OF ACCOUNT	VALUE *Rupees*	HAIR CUT/ADJUSTMENTS	ADJUSTED VALUE *Rupees*
1.17	Receivables from customers			
	against margin financing	-	Aggregate of (i) value of securities held in the blocked account after applying VaR based haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. (Reported at lower of balance sheet value or adjusted value)	-
	against margin trading	-	5.00%	-
	against securities borrowings under SLB trading		Amount paid to NCCPL as collateral upon entering the contract.	-
	other trade receivables not more than 5 days overdue	247,887	0.00%	247,887
	other trade receivables overdue by 5 days more	1,213,074	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. (Reported at lower of balance sheet value or adjusted value)	1,213,074
	receivable from related parties	35,781,839	100.00%	-
1.18	Cash and bank balances			
	Bank balances			
	Proprietary accounts	9,305,786	0.00%	9,305,786
	Customer accounts	28,923,494	0.00%	28,923,494
	Cash in hand	580	0.00%	580
	Total Assets	**212,364,426**		**59,720,995**

2	**LIABILITIES**			
2.1	Trade payables			
	payable to exchanges and clearing house	-	0.00%	-
	payable against leveraged market	15,145	0.00%	15,145
	payable to customers	28,794,104	0.00%	28,794,104
2.2	Current liabilities			
	statutory and regulatory dues	208,947	0.00%	208,947
	accruals and other payables	1,720,387	0.00%	1,720,387
	short term borrowings	-	0.00%	-
	current portion of subordinated loa	-	0.00%	-
	current portion of long term liabilitie	4,745,095	0.00%	4,745,095
	deferred liabilities	-	0.00%	-
	provision for bad debts	-	0.00%	-
	provision for taxation	-	0.00%	-
	other liabilities	-	0.00%	-
2.3	Non-current liabilities			
	long term financing	14,050,011	100.00%	-
	staff retirement benefits	-	0.00%	-
	other liabilities	-	0.00%	-
2.4	Subordinated loans	-	100% for loans which fulfil the conditions specified by SECP	-
	Total Liabilities	**49,533,689**		**35,483,678**

HORIZON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

SR.	HEAD OF ACCOUNT	VALUE *Rupees*	HAIR CUT/ADJUSTMENTS	ADJUSTED VALUE *Rupees*
3	**RANKING LIABILITIES**			
3.1	Concentration in margin financing	-	The amount calculated client-to- client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.	-
3.2	Concentration in securities lending and borrowing	-	The amount by which the aggregate of (i) amount deposited by the borrower with NCCPL (ii) cash margins paid and (iii) market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-
3.3	Net underwriting commitments in case of right issue	-	If the market value of securities is less than or equal to the subscription price; the aggregate of (i) the 50% of haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the haircut multiplied by the net underwriting.	-
	in any other case	-	12.50%	-
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 (difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency)	-
3.6	Amount payable under REPO	-	0.00%	-
3.7	REPO adjustment In case of financier/purchaser	-	Total amount receivable under REPO less the 110% of the market value of underlying securities.	-
	In case of finance/seller	-	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 i between 25% and 51% of the total proprietary positions	-	5% of the value of such security.	-
	If the market of a security exceeds 51% of the proprietary position	-	10% of the value of such security.	25,709
3.9	Opening positions in futures and options In case of customer positions	-	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	-
	In case of proprietary positions	-	Total margin requirements in respect of open positions to the extent not already met	-

SR.	HEAD OF ACCOUNT	VALUE *Rupees*	HAIR CUT/ADJUSTMENTS	ADJUSTED VALUE *Rupees*
3.10	Short sell positions			
	In case of customer positions	-	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.	-
	In case of proprietary positions	-	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.	-
	Total Ranking Liabilities	**-**		**25,709**

SUMMARY

Total Assets	**212,364,426**	**59,720,995**
Less: Total Liabilities	**49,533,689**	**35,483,678**
Less: Total Ranking Liabilities	**-**	**25,709**
Liquid Capital	**162,830,737**	**24,211,608**

36.1 NET WORTH/CAPITAL ADEQUACY

The Company's net worth as on 30 June 2022 under Regulation 6 of the Securities Brokers (Licensing and Operations) Regulations, 2016 and capital adequacy level as required by Central Depository Company of Pakistan Limited is as follows:

	Rupees
Total assets	**212,364,426**
Total liabilities	**(49,533,689)**
	162,830,737
Less: Revaluation reserves	**-**
Net worth/capital adequacy level	**162,830,737**

36.1.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the Company as at year ended 30 June 2022 as determined by Pakistan Stock Exchange has been considered.

36 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

36.1 Financial instruments measured at fair value

36.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques/Key inputs	30-Jun-22	30-Jun-21
			Rupees	*Rupees*
Investments in unlisted				
Investments in unlisted securities	Level 2	Net assets value	**16,406,874**	20,533,912
Short term Investments				
Investments in listed securities	Level 1	Quoted prices in an active market	**417,930**	704,710
Investments in mutual funds	Level 1	Quoted prices in an active market	**43,056**	39,618

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Investments in unlisted securities	Net assets value per share as notified	Net assets value per share as notified	A 5% increase in net assets value per share will result in an increase in fair value of investments by Rs. 0.82 million (30-Jun-21: Rs. 1.03 million).

36.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

36.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

36.3 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive and directors do not draw any remuneration from the Company. Further, there are no executives employed by the Company as at the reporting date.

38 SEGMENT INFORMATION

38.1 The Company is a single operating segment.

38.2 All non-current assets of the Company are situated in Pakistan.

38.3 All revenue of the Company have originated from Pakistan.

38.4 Brokerage income includes Rs. 5,974,265 (30-Jun-21: Rs. 4,316,973) derived from three (30-Jun-21: one) customers, Mr. Sultan Mehboob, Mr. Saqib Hussain, Mr. Shehzad Saeed (30-Jun-21: Mr. Danish Elahi). There is no other single significant external customer from whom brokerage in excess of 10% of the Company's total brokerage income was earned during the year.

39 ASSETS PLEDGED AS SECURITY

Securities valued at Rs. 9.062 million (30-Jun-21: Rs. 10.894 million) are pledged with National Clearing Company of Pakistan Limited and Pakistan Stock Exchange as base minimum capital and exposure margin.

40 NUMBER OF EMPLOYEES

	30-Jun-22	30-Jun-21
Total number of employees	**13**	14
Average number of employees	**13**	14

41 SHAREHOLDING ABOVE FIVE (5) PERCENT

	30-Jun-22		30-Jun-21	
	Rupees	***% age***	*Rupees*	*% age*
Dr. Zafar Iqbal	**139,640,000**	**99.99%**	54,990,000	39.38%
Bakhsh Holdings (Private) Limited	**-**	**0.00%**	84,650,000	60.62%

41.1 During the year, Bakhsh Holdings (Private) Limited transferred 84,650,000 shares to Mr. Zafar Iqbal. There was no change in the shareholding above 5% during the year ended 30 June 2021.

42 ANNUAL TURNOVER

	30-Jun-22			
	Buying		Selling	
	Rupees	*No. of shares*	*Rupees*	*No. of shares*
Proprietary	**7,654,974**	**563,500**	**9,255,665**	**612,488**
Client	**7,944,372,544**	**303,399,654**	**7,999,319,124**	**310,913,772**
Total	**7,952,027,518**	**303,963,154**	**8,008,574,789**	**311,526,260**

	30-Jun-21			
	Buying		Selling	
	Rupees	*No. of shares*	*Rupees*	*No. of shares*
Proprietary	10,879,498	653,200	12,809,127	769,749
Client	11,978,144,389	469,626,102	12,344,478,220	547,877,435
Total	11,989,023,887	470,279,302	12,357,287,348	548,647,184

43 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

44 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment and/or disclosure in these financial statements.

45 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

Director

Chief Executive

RSRIR
for identification only

Horizon Securities Limited
PATTERN OF SHARESHOLDING
As at 30-6-2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Director and their Spouse(s) and Minor Children			
	Dr. Zafar Iqbal	13,964,000	99.99
	Mrs. Abida Zafar	500	0.0036
	Mr. Afraz Zafar	500	0.0036
Associated Companies, undertakings and Related Parties			
			0.000
Executives		-	0.000
Publisc Sector Companies and Corporation			0.000
Banks/DFIs/NBFCs, insuarnce companies, takaful Modaraba and pension funds			
Other			
Total		13,965,000	100.000

Detail of Shareholding 5% & more			
		Shares Held	Percentage
	Dr. Zafar Iqbal	13,964,000	99.99
		-	0.00

Director

Chief Executive