NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Rafi Securities (Private) Limited
Financial Statements
For the year ended June 30, 2023

cpaai MEMBER mgiworldwide

Rafi Securities (Private) Limited
Financial Statements
For the year ended June 30, 2023

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R A F I SECURITIES

RAFI SECURITIES (PRIVATE) LIMITED

TREC HOLDER :
Pakistan Stock Exchange Limited

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, I am pleased to present our report together with the audited financial statement of the Company for the year June 30, 2023.

Performance Overview

The following depicts the Company's performance in the current year.

	Rupees
Operating revenue	(7,943,907)
Operating expenses	(66,426,092)
Operating loss	**(74,369,999)**
Other income	7,325,888
Loss before taxation	**(67,044,111)**
Taxation	13,001,352
Loss after taxation	**(54,042,759)**

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors which badly effected the profitability of the company and eventually PSX Index closed at 41,437 as at June 30, 2023. Moreover, higher inflation and interest rates are likely to keep the equities market under pressure during next year.

Dividend:

The Directors do not recommended any dividend during the year due to cash flow requirement during next financial year.

External Auditors

The retiring auditors, M/s. Nasir Javaid Maqsood Imran., Chartered Accountants, being eligible, have offered themselves for reappointment

Dated: 06 OCT 2023

Director

Chief Executive

CORPORATE OFFICE
Suit # 1004, 10th Floor,
Al-Rahim Tower,
I.I. Chundrigar Road,
Karachi-74000, Pakistan
UAN : (92 21) 111-159-111
PABX : 03-111-159-111
: 0337-3159159

PSX OFFICE
518, 5th Floor,
Stock Exchange Building,
Stock Exchange Road,
Karachi-74000, Pakistan
Phones: (92 21) 3242 7177 - 8
: 0337-3159159

E-mail : info@ rafionline.com Website : www.rafionline.com

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

An effective board established comprising of 4 directors, responsible for ensuring long-term success and for monitoring and evaluating the management's performance. The composition of board is as follows:

Mr. Naeem Rafi	Chief Executive Officer/Director
Ms. Samia Rafi	Director
Mr. Saleem Mansoori	Director

BOARD RESPONSIBILITIES, POWERS AND FUNCTION

Each member of the Board is fully aware of the responsibilities as an individual member as well as the responsibilities of all members together as a board. The Board actively participates in all major decisions of the Company including but not limited to approval of capital expenditure budgets, investments, related party transactions and appointment of key personnel. The Board also monitors the Company's operations by approval of financial statements, review of internal and external audit observations, if any and recommendation of dividend. The Board has devised formal policies for conducting business and ensures their monitoring through an independent outsourced Internal Auditors which continuously monitors adherence to Company Policies.

The following policies has approved by the board.

- Internal Code of Conduct
- Whistleblower Policy
- Customer Complaint, Grievances & Conflict Resolution Policy
- Risk and Compliance Policy
- Segregation of Customer Assets from Securities Broker Assets.

BOARD MEETINGS

The meeting of the directorswere presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of board.

COMMITTEES OF BOARD

The board has formed following committees and their Term of References.

- Audit Committee

RELATED PARTY TRANSACTION

The Company has provided detailed information on related party transactions in its financial statements annexed to this Annual Report. This disclosure complies with the requirements of Companies Act, 2017 and the relevant International Financial Reporting Standards.

AUDITORS

The company is registered as Trading and Self Clearing category of Securities broker under Securities Brokers (Licensing and Operations) Regulations 2016 and appointed Nasir Javaid Maqsood Imran, Chartered Accountants as their external auditor which are enlisted within "B" category of Panel of Auditors issued by State Bank of Pakistan.

COMPLIANCE STATEMENT

To the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of any securities market laws.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We confirm that the company is in compliance with the Code of Corporate Governance required under Securities Broker Licensing and Operations 2016.

Dated: 06 OCT 2023
Karachi

Mr. Naeem Rafi
Chief Executive Officer

Mr. Kaleem Ullah
Company Secretary

Statement of Compliance with Corporate Governance Code for Securities Broker Regulations 2016

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are as per following:-

i.	Samia Naeem	Executive Director
ii.	Saleem Mansoori	Non- Executive Director
iii.	Naeem Rafi	Chief Executive Officer

2. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedure.

3. The Board has devised the policy which intended to encourage all stakeholders including employees and others to report suspected or actual occurrence of illegal, unethical or inappropriate events without retribution.

4. The Board has appointed Chief Executive Officer to lead the management team, and exercise executive authority over operations of the company.

5. There is no any casual vacancy occurred on the board to intimate Security Exchange.

6. The Board meets on half-yearly basis and ensures the minutes of the meetings are appropriately recorded.

7. The Board has formed the following committees comprising of members given below:-

a) Audit Committee
- Naeem Rafi — Chairman
- Saleem Mansoori — Member

b) Human Resource Committee
- Mr. Naeem Rafi — Chairman
- Samia Naeem — Member
- Saleem Mansoori — Member

RAFI SECURITIES (PVT) LTD. TREC 159 Pakistan Stock Exchange Ltd

8. The Board has appointed appropriate and suitably qualified management team for its operations.

9. The Board has outsourced the internal audit function to Nasir Javed Maqsood Imran & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and conversant with policies and procedures of the company.

10. Auditors conducting statutory audit are selected from category "B" of the State Bank of Pakistan's Panel of Auditors.

11. The details of all related party transactions are placed before the Board for review and approval.

12. Financial statements of the Company are prepared within the stipulated time which shall be submitted to related authorities. Then Annual Report contains:

    i. Annual Audited financial statements.
    ii. Director's report.
    iii. There are no transactions entered into by the Company during year, which are fraudulent, illegal or in violation of any securities market laws.

13. The half yearly and annual financial statements are approved by the board and the CEO.

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Naeem Rafi
Chief Executive Officer

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NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants
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Email: khi@njmi.net

INDEPENDENT AUDITOR'S REPORT

To the members of Rafi Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Rafi Securities (Private) Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2023** and 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 explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2023** and of the loss, the total comprehensive loss, 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.

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

Management is responsible for the other information. The other information comprises the directors' 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 are responsible for overseeing the Company`s financial reporting process.

Auditor`s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 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:

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- 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 controls 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 accounts 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; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Javaid Qasim.

NASIR JAVAID MAQSOOD IMRAN KARACHI CHARTERED ACCOUNTANTS

Nasir Javaid Maqsood Imran

Dated: 06 OCT 2023
Karachi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

UDIN: AR202310270Wx3kDFUtC

RAFI SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	Rupees 2023	Rupees 2022
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	498,334	598,407
Intangible assets	5	2,804,878	2,814,562
Deferred tax asset	6	14,506,568	-
Long term advances & deposits	7	5,250,000	5,250,000
		23,059,780	8,662,969
CURRENT ASSETS			
Trade receivables	8	142,566,907	155,028,425
Advances, deposits, pre-payments & other receivables	9	18,975,684	44,603,353
Short term investment	10	158,561,980	185,304,276
Bank balances	11	12,268,142	12,973,556
		332,372,713	397,909,610
TOTAL ASSETS		355,432,493	406,572,579
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
10,000,000 (2022: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	12	100,000,000	100,000,000
Revenue reserves		69,583,814	123,626,572
		169,583,814	223,626,572
LIABILITIES			
CURRENT LIABILITIES			
Short term borrowings - secured	13	162,749,117	158,357,787
Trade payables		11,953,880	12,623,410
Accrued expenses & other liabilities	14	11,145,682	11,964,810
		185,848,679	182,946,007
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		355,432,493	406,572,579

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Director

RAFI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	Rupees 2023	Rupees 2022
REVENUE			
Operating revenue	16	41,460,054	48,453,854
Capital loss on disposal of securities		(19,559,452)	(7,257,349)
Unrealised loss on remeasurement of investment at fair value - through profit or loss		(29,844,509)	(24,119,794)
		(7,943,907)	17,076,711
Administrative and operating expenses	17	(41,566,719)	(45,654,433)
Finance cost	18	(24,859,373)	(11,934,738)
		(66,426,092)	(57,589,171)
Operating loss		(74,369,999)	(40,512,460)
Other income	19	7,325,888	6,473,654
Loss before taxation		(67,044,111)	(34,038,805)
Taxation	20	13,001,352	6,790,288
Loss after taxation		(54,042,759)	(27,248,517)

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Director

RAFI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	Rupees 2023	Rupees 2022
Loss after taxation		(54,042,759)	(27,248,517)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(54,042,759)	(27,248,517)

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Director

RAFI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	Rupees 2023	Rupees 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(67,044,111)	(34,038,805)
Add / (less) : Items not involved in movement of fund:			
Depreciation		102,098	125,824
Capital loss on sale of securities		19,559,452	7,257,349
Unrealised loss on remeasurement of investment at fair value - through profit or loss		29,844,509	24,119,794
Gain on disposal of vehicle		-	(1,222,056)
Amortization on software		9,684	11,393
(Reversal of) / Allowance for expected credit loss		(1,313,513)	698,236
Finance costs		24,859,373	11,934,738
		73,061,602	42,925,278
Net cash generated from operating activities before working capital changes		6,017,491	8,886,473
Net change in working capital	(a)	(10,818,633)	(76,957,057)
		(4,801,141)	(68,070,583)
Finance costs paid		(24,859,373)	(11,934,738)
Income tax refund received - net of taxes paid		24,365,795	-
Income tax paid		-	(2,990,647)
Net cash used in operating activities		(5,294,719)	(82,995,968)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of office equipment		(2,025)	(320,477)
Long term advances and deposits		-	(500,000)
Proceeds from disposal of vehicle		-	4,800,000
Net cash (used in) / generated from investing activities		(2,025)	3,979,523
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowing under Murabaha arrangement		15,425,912	12,888,958
Net cash generated from financing activities		15,425,912	12,888,958
Net (decrease) / increase in cash and cash equivalents		10,129,168	(66,127,487)
Cash and cash equivalent at beginning of the year		(60,997,408)	5,130,079
Cash and cash equivalent at end of the year	21	(50,868,240)	(60,997,408)
(a) Statement of change in working capital			
Decrease / (increase) in current assets			
Trade receivables		13,775,031	(10,121,350)
Advances, deposits, pre-payments & other receivables		(443,340)	4,105,163
Short term investments		(22,661,665)	(42,156,297)
		(9,329,974)	(48,172,485)
Increase / (decrease) in current liabilities			
Trade payables		(669,530)	(12,527,628)
Accrued expenses & other liabilities		(819,128)	(16,256,944)
		(1,488,658)	(28,784,572)
Net change in working capital		(10,818,633)	(76,957,057)

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Director

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

		Revenue Reserves		
	Issued, subscribed & paid up capital	Unappropriated profit	Sub Total	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*
Balance as at June 30, 2021	**100,000,000**	**150,875,090**	**150,875,090**	**250,875,090**
Loss for the year	-	(27,248,517)	(27,248,517)	(27,248,517)
Balance as at June 30, 2022	**100,000,000**	**123,626,572**	**123,626,572**	**223,626,572**
Loss for the year	-	(54,042,759)	(54,042,759)	(54,042,759)
Balance as at June 30, 2023	**100,000,000**	**69,583,814**	**69,583,814**	**169,583,814**

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Director

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Rafi Securities (Private) Limited ('the Company') was incorporated in Pakistan as a private company on May 31, 2001 under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). The company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited. The registered office of the company is situated at Room no. 1004, 10th Floor, Al Rahim Tower, I.I. Chundrigar Road, Karachi. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services. The branch office of the company is situated at:

- Room No. 518, 5th floor, Pakistan Stock Exchange Building, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by IASB and provisions of and directives issued under the Companies Act 2017. In case requirements differ, the provision or directives of the Companies Act, 2017 shall prevail..

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivatives and investments. Statement of cash flow has been presented on cash basis.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income in the profit and loss account.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

3.2 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses, if any however, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss using reducing balance method over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less

3.2.1 Trading Right Entitlement Certificate

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

3.2.2 Pakistan Mercantile Exchange - Membership card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

3.2.3 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

3.3 Investment property

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises expenditure that is directly attributable to the acquisition of the asset including transaction costs.

Depreciation on investment property is charged using reducing balance method. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.4 Financial instruments

3.4.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost;
(b) financial assets measured at fair value through other comprehensive income (FVOCI); and
(c) financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.4.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit and loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.4.2 Financial liabilities

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

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

3.5 Impairment

3.5.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

3.5.2 Impairment of non-financial assets

The carrying amout of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an assets or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized to the statement of profit or loss.

3.6 Derecognition

3.6.1 Financial assets

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

3.6.2 Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

3.9 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.7 Investments

Investment in shares of listed companies are classified as "At Fair Value - Through Profit or Loss" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Net gains and losses are recognized in statement profit or loss.

3.8 Settlement date accounting

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

3.10 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL)Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.11 Fiduciary assets

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

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.13 Share capital

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

3.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends and transfers are approved.

3.15 Trade and other payables

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

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

3.16 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in statement of comprehensive income respectively.

i) Current

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

ii) Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.17 Provisions

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

3.18 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.19 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided.
- Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.
- Other/miscellaneous income is recognized on receipt basis.
- Income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expenses.

3.20 Operating and administrative expenses

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the financial statements.

3.21 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

4 PROPERTY AND EQUIPMENT

	Furniture & fixtures	Office equipments	Computer equipments	Motor vehicles	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis					
Year ended June 30, 2023					
Opening net book value (NBV)	73,510	444,677	80,220	-	598,407
Additions (at cost)	-	2,025		-	2,025
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	(11,027)	(67,005)	(24,066)	-	(102,098)
Closing net book value (NBV)	62,484	379,697	56,154	-	498,334
Gross carrying value basis					
As at June 30, 2023					
Cost	307,426	2,331,444	114,600	-	2,753,470
Accumulated Depreciation	(244,943)	(1,951,747)	(58,446)	-	(2,255,136)
Net book value (NBV)	62,484	379,697	56,154	-	498,334
Net carrying value basis					
Year ended June 30, 2022					
Opening net book value (NBV)	86,482	317,272	-	3,577,944	3,981,698
Additions (at cost)	-	205,877	114,600	-	320,477
Disposals (at NBV)	-	-	-	(3,577,944)	(3,577,944)
Depreciation charge	(12,972)	(78,472)	(34,380)	-	(125,824)
Closing net book value (NBV)	73,510	444,677	80,220	-	598,407
Gross carrying value basis					
As at June 30, 2022					
Cost	307,426	2,329,419	114,600	-	2,751,445
Accumulated depreciation	(233,916)	(1,884,742)	(34,380)	-	(2,153,038)
Net book value (NBV)	73,510	444,677	80,220	-	598,407
Depreciation rate (% per annum)	15	15	30	15	

	Notes	Rupees 2023	Rupees 2022
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		250,000	250,000
Computer software	5.2	54,878	64,562
		2,804,878	2,814,562

5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. TREC has been recognized at cost less accumulated impairment losses.

	Notes	Rupees 2023	Rupees 2022
5.2 Computer software			
Acquisition cost		790,000	790,000
Accumulated balance of amortization		(725,438)	(714,045)
		64,562	75,955
Amotization for the year		(9,684)	(11,393)
Net Carrying value		54,878	64,562
6 DEFERRED TAX ASSETS			
Deductible temporary difference			
Unrealized loss on re-measurement of investment		4,476,676	-
Provision for expected credit losses		5,326,156	-
Carried Forward Capital Loss		4,703,927	-
		14,506,759	-
Taxable temporary difference			
Accelerated depreciation		191	-
		191	-
Deferred tax asset		14,506,568	-
7 LONG-TERM ADVANCES AND DEPOSITS			
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Central Depository Company Limited		100,000	100,000
Pakistan Mercantile Exchange Limited		1,250,000	1,250,000
Advance against office of Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
		5,250,000	5,250,000
8 TRADE RECEIVABLES			
Considered good		140,124,439	155,028,425
Considered doubtful		20,808,523	19,679,568
		160,932,962	174,707,993
Allowance for expected credit loss	8.1	(18,366,055)	(19,679,568)
		142,566,907	155,028,425
Receivable from clearing house		-	-
		142,566,907	155,028,425
8.1 Allowance for expected credit loss			
Opening balance		19,679,568	18,944,729
Allowance for expected credit loss		(1,313,513)	734,839
Closing balance	8.1.1	18,366,055	19,679,568

RAFI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2023	Rupees 2022

8.1.1 The Company assessed on a forward looking basis, the expected credit losses associated with trade receivables and measured loss allowance for trade receivables at an amount equal to life time expected credit losses or unsecured value which ever is higher.

8.1.2 Aging analysis

	2023	2022
Upto 90 days	69,628,810	147,723,529
More than 90 but upto 180 days	24,583,687	2,413,920
More than 180 but upto 360 days	6,188,253	4,890,975
More than 360 days	60,532,211	19,679,568
	160,932,962	174,707,993

8.1.3 Due from related parties which are not impaired and their maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

Name of related party	Amount due		Maximum amount outstanding at any time during the year	
	2023	2022	2023	2022
	---Rupees---			
Saima Naeem	2,224	13,004	128,564	37,301
Saleem Mansoori	3,938	-	204,781	-
	6,162	13,004	333,345	37,301

8.1.4 Aging analysis - related party

Name of related party	1 - 90 days	91 - 180 days	181 - 360 days	More than 360 days	Total gross amount due
	---Rupees---				
Saima Naeem	-	2,224	-	-	2,224
Saleem Mansoori	2,938	-	-	1,000	3,938
	2,938	2,224	-	1,000	6,162

		2023	2022
8.2	Total value of securities pertaining to clients held in the Central Depository Company	1,194,806,111	1,310,695,621
8.3	Value of pledge securities of clients with National Clearing Company of Pakistan Limited	36,732,845	30,069,727
8.4	Value of pledge securities of clients with Financial institutions	-	-
8.5	*The securities are valued using market rate at the year end*		

9 **ADVANCES, DEPOSITS, PRE-PAYMENTS & OTHER RECEIVABLES**

	Notes	2023	2022
Security deposits		41,740	41,740
Loan to staff		1,725,029	1,681,791
Exposure deposit	9.1	4,598,258	4,198,156
Income tax refundable		12,210,657	38,281,666
Deposit to Pakistan Merchantile Exchange Limited		400,000	400,000
		18,975,684	44,603,353

9.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market.

	Notes	Rupees 2023	Rupees 2022
10 SHORT TERM INVESTMENT			
Investments at fair values through profit & loss			
Listed equity securities		188,406,489	209,424,070
Unrealised loss on remeasurement of investment at fair value		(29,844,509)	(24,119,794)
Market value		**158,561,980**	**185,304,276**

10.1 Shares having market value of Rs. 151,235,277/- (2022: 173,637,010/-) are pledged as security with commercial banks, PSX and NCCPL for the purpose of borrowings, base minimum capital and exposure requirements.

	Notes	Rupees 2023	Rupees 2022
11 BANK BALANCES			
Cash at bank			
- in savings accounts	11.1	11,818,493	11,862,577
- in current accounts		449,649	1,110,980
	11.2	**12,268,142**	**12,973,556**

11.1 The return on these balances is 4.5% to 18.5% (2022: 5.5% to 7%) per annum on daily product basis.

11.2 ***Bank balance pertains to:***

	2023	2022
Brokerage house	314,263	350,147
Clients	11,953,879	12,623,410
	12,268,142	**12,973,556**

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares 2023	Number of shares 2022		Rupees 2023	Rupees 2022
8,000,000	8,000,000	Ordinary shares of Rs. 10 each fully paid in cash	80,000,000	80,000,000
2,000,000	2,000,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.	20,000,000	20,000,000
10,000,000	**10,000,000**		**100,000,000**	**100,000,000**

12.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

12.2 Shares issued in consideration other than cash was for the purpose of transfer of membership of Pakistan Stock Exchange Limited along with offices and sale points (booths).

12.3 PATTERN OF SHAREHOLDING

Name of shareholders	2023	2022	2023	2022
	Number of Shares		Holding	
Naeem Rafi	9,671,800	9,671,800	96.72%	96.72%
Saima Naeem	328,000	328,000	3.28%	3.28%
Muhammad Saleem Mansoori	100	100	0.00%	0.00%
Umar Farooq	100	100	0.00%	0.00%
	10,000,000	**10,000,000**	**100%**	**100%**

	Notes	Rupees 2023	Rupees 2022

13 SHORT TERM BORROWINGS - secured

	Notes	Rupees 2023	Rupees 2022
Short term running finance	13.1	62,936,382	73,970,964
Short term borrowing under Murabaha arrangement	13.2	99,812,735	84,386,823
		162,749,117	158,357,787

13.1 The Company has obtained short term running finance facilities from commercial bank, to meet exposure and working capital requirements, amounting to Rs 75 million (2022: 75 Million). These facilities are secured by way of pledge of marketable securities as per financiers approved list of shares and personal guarantees of Chief Execuitive and Director. These facilites carry mark up ranging from 3 months KIBOR plus 2.5 % (2022: 3 months KIBOR plus 2.5 %) payable quarterly.

13.2 This repersents the outstanding balance availed from shares Murabaha Financing facility amounting to Rs 120 million (2022 : Rs 120 million) from Islamic banks. This facility is secured by way of equitable mortgage on office building and Plot of land, pledge of regularly traded shariah compliant shares of listed companies in CDC account of the company and personal guarantees of directors of the company. This facility carries markup @ of 3 months of KIBOR plus 2 to 2.25 % (2022: 3 months KIBOR plus 2 to 2.25 %) payable contract to contract basis.

14 ACCRUED EXPENSES AND OTHER LIABILITIES

	Rupees 2023	Rupees 2022
Accrued expenses	368,626	341,471
Markup payable	2,852,766	1,500,332
SST payable	339,068	376,312
Dealer payable	85,317	202,109
Clearing house payable	7,496,461	9,543,917
Other liabilities	3,444	670
	11,145,682	11,964,810

15 CONTINGENCIES AND COMMITMENTS

Contingencies

In the year 2008, Soneri Bank Limited (SBL) imposed certain excess charges to the Company without any agreement or intimation to the Company. Moreover, SBL did not give credit to the Company on account of certain genuine receipts. As a result, the Company filed a suit against SBL in the Banking Court vide suit no. 1163 of 2009 for recovery of Rs. 19,445,368. SBL also filed a suit in the Banking Court against the Company for recovery of Rs. 35,817,464 (i.e. principal balance of credit facility availed by the Company along with cost of funds). In the year 2019, the Banking Court issued an order in favour of the Company regarding the aforementioned disputed case. SBL filed an appeal before Honourable High Court of Sindh under section 22 of Financial Institutions' (Recovery of Finances) Ordinance, 2001 and the proceedings thereof are pending till date. Based on the opinion of the legal advisor, the management of the Company is confident that the eventual outcome of the matter will be decided in favour of the Company, therefore, no provision has been made in this regard.

RAFI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2023	Rupees 2022
Commitments			
Guarantee given by Dubai Islamic Bank Limited to National Clearing Company of Pakistan Limited on behalf of the Company.		20,000,000	20,000,000

		Notes	Rupees 2023	Rupees 2022
16	**OPERATING REVENUE**			
	Brokerage commission including sales tax on services	16.1	39,301,417	46,454,184
	Less: Sales tax on services		(4,444,99[illegible])	(6,039,044)
	Net brokerage commission excluding sales tax on services		34,192,233	40,415,140
	Dividend income		7,267,421	8,038,714
			41,460,654	48,453,854
16.1	**Brokerage Income - net of sales tax**			
	Equity brokerage			
	- Institutional customers		4,890,072	5,780,054
	- Retail clients		29,302,161	34,635,086
			34,192,233	40,415,140

		Notes	Rupees 2023	Rupees 2022
17	**ADMINISTRATIVE AND OPERATING EXPENSES**			
	Directors' remuneration	17.1	3,104,250	3,840,000
	Staff salaries & other benefits		23,560,844	23,682,626
	Rent, rates and taxes		1,455,799	405,655
	Service & transaction charges		2,904,586	4,462,064
	Repair and maintenance		190,851	817,683
	Utilities		1,016,174	1,253,979
	Telephone and communication		1,512,379	654,968
	Travelling & conveyance		64,804	74,042
	Printing and stationery		192,288	298,959
	Computer & software expenses		1,366,482	1,317,710
	Fees and subscription		835,451	680,274
	Postage & courier		108,288	103,725
	Entertainment		934,244	942,984
	Auditors' remuneration	17.2	250,000	240,000
	Consultancy charges		237,185	566,616
	Insurance		27,912	27,912
	Commission Expense		3,296,915	4,302,505
	Legal & professional		95,000	155,519
	Depreciation		102,098	125,824
	Amortisation on software		9,684	11,393
	Advertisement		33,120	635,769
	Bad debt expense		-	128,118
	Allowance for expected credit loss		-	698,236
	Donations		65,000	-
	Other expenses		202,376	227,871
			41,566,719	45,654,433

17.1 Remuneration of Chief Executive and Director

	2023			2022		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Managerial remuneration	1,800,000	1,200,000	4,800,000	1,200,000	1,360,000	4,500,000
Company's contribution to the Provident Fund				-	-	-
Fees				-	-	-
Bonus	104,250					
Housing and utilities				600,000	680,000	
	1,904,250	1,200,000	4,800,000	1,800,000	2,040,000	4,500,000
Number of persons (including those who worked part of the year)	1	2	4	1	2	3

17.2 Auditors' remuneration

	Notes	Rupees 2023	Rupees 2022
Audit services			
Annual audit fee		135,000	125,000
Certifications		115,000	115,000
		250,000	240,000

18 FINANCE COSTS

	Notes	Rupees 2023	Rupees 2022
Bank charges		458,255	584,567
Markup on short term borrowings from banking companies	18.1	24,401,118	11,350,171
		24,859,373	11,934,738

18.1 This represents mark-up payable on short term borrowing (for details refer note 14).

19 OTHER INCOME

	Rupees 2023	Rupees 2022
From financial assets		
IPO commission	968	392,587
Income from Pakistan Merchantile Exchange Limited	1,772,371	738,966
Profit on exposure deposit	170,821	-
Profit on deposit with banks	841,140	587,365
Gain on disposal of vehicle	-	1,222,056
	2,785,300	2,940,974
From non-financial assets		
Recoveries	3,227,075	3,532,680
Reversal of expected credit loss	1,313,513	-
	4,540,588	3,532,680
	7,325,888	6,473,654

	Notes	Rupees 2023	Rupees 2022
20 TAXATION			
Current		1,505,215	1,788,700
Prior		-	(8,578,988)
Deferred		(14,506,568)	-
		(13,001,352)	(6,790,288)

20.1 The numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax in current year,

20.2 The income tax returns of the Company have been filed up to tax year 2022 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit. Previous year tax reconciliation is not presented due to application of minimum tax.

20.3 The Deputy Commissioner Inland Revenue (DCIR), Regional Tax Office - Corporate, Karachi, passed orders all dated March 11, 2020 under section 161 / 205 of the Income Tax Ordinance, 2001, for the tax years 2014, 2015, 2016, 2017 and 2018, on account of non-deduction of withholding tax on various expenses and created an aggregate tax demand of Rs. 11,828,109/-, including default surcharge and penalty. The Company filed an appeal before the Commissioner (Appeals-III) against the aforementioned order and the proceedings thereof are pending till date.

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

	2023	2022
Short term running finance	(62,936,382)	(73,970,964)
Cash & bank balances	12,268,142	12,973,556
	(50,668,240)	(60,997,408)

22 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

22.1 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

22.1.1 **Market Risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of interest rate risk, foreign currency risk and price risks.

(i) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. The Company is not exposed to such risk.

(ii) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payable that exist due to transaction in foreign currencies. The Company is not exposed to currency risk as all the operations of the Company are being carried out in local currency.

(iii) **Price Risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the 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 or similar financial instruments traded in the market. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to price risk since it had investments in quoted equity securities and also because the Company held collaterals in the form of equity securities against their debtor balances.

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of equity securities in particular sectors of the market.

The table below summarizes Company's equity price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair value (Rupees)	Hypothetical price change	Estimated fair value after hypothetical change in prices (Rupees)	Hypothetical increase / (decrease) in profit before tax (Rupees)
June 30, 2023	158,561,980	**10% increase**	**174,418,178**	**15,856,198**
		10% decrease	**142,705,782**	**(15,856,198)**
June 30, 2022	185,304,276	10% increase	203,834,704	18,530,428
		10% decrease	166,773,848	(18,530,428)

22.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2023			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	---------- (Rupees) ----------			
Financial liabilities				
Short term borrowings-secured	162,749,117	162,749,117	162,749,117	-
Trade payables	11,953,880	11,953,880	11,953,880	-
Accrued expenses & other liabilities	11,145,682	11,145,682	11,145,682	-
	185,848,679	185,848,679	185,848,679	-

	2022			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	---------- (Rupees) ----------			
Financial liabilities				
Short term borrowings-secured	158,357,787	158,357,787	158,357,787	-
Trade payables	12,623,410	12,623,410	12,623,410	-
Accrued expenses & other liabilities	11,964,810	11,964,810	11,964,810	-
	182,946,007	182,946,007	182,946,007	-

22.1.3 Credit risk

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

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 360 days or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

Exposure to credit risk

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

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2023	Rupees 2022
Long term advances & deposits	5,250,000	5,250,000
Short term investments	158,561,980	185,304,276
Trade debts	142,566,907	155,028,425
Advances, deposits , prepayments & other receivables	18,975,684	44,603,353
Cash and bank balances	12,268,142	12,973,556
	337,622,713	403,159,610

a) Credit risk exposure on trade debts

To reduce the exposure to credit risk arising from trade debts / receivable against margin financing, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

22.1.3 Credit risk

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

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 360 days or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

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	Rupees 2023	Rupees 2022
Long term advances & deposits	5,250,000	5,250,000
Short term investments	158,561,980	185,304,276
Trade debts	142,566,907	155,028,425
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Cash and bank balances	12,268,142	12,973,556
	337,622,713	403,159,610

a) Credit risk exposure on trade debts

To reduce the exposure to credit risk arising from trade debts / receivable against margin financing, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts.

	June 30, 2023		June 30, 2022	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	-	-		
Past due 1 day - 90 days	69,628,810	-	147,723,529	
Past due 91 days - 180 days	24,583,687	-	2,413,920	
Past due 181 days - 360 days	6,188,253	-	4,890,975	
Past due above 360 days	60,532,211	18,366,055	19,679,568	19,679,568
	160,932,962	18,366,055	174,707,993	19,679,568

Except as disclosed above, no provision for expected credit losses has been recognized in respect of trade debts as the security against the same is adequate or counter parties have sound financial standing.

b) Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Short term rating	2023	2022
	Rupees	
A-1+	12,268,142	12,973,556
	12,268,142	12,973,556

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

22.2 Financial Instruments by category

22.2.1 Financial Assets

	2023			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term advances & deposits	-	-	5,250,000	5,250,000
Short term investments	158,561,980	-	-	158,561,980
Trade debts	-	-	142,566,907	142,566,907
Advances, deposits, prepayments &other receivables	-	-	18,975,684	18,975,684
Cash and bank balances	-	-	12,268,142	12,268,142
	158,561,980	-	179,060,733	337,622,713

	2022			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term advances & deposits	-	-	5,250,000	5,250,000
Short term investments	185,304,276	-	-	185,304,276
Trade debts	-	-	155,028,425	155,028,425
Advances, deposits, prepayments &other receivables	-	-	44,603,353	44,603,353
Cash and bank balances	-	-	12,973,556	12,973,556
	185,304,276	-	217,855,334	403,159,610

22.2.2 Financial Liabilities

	2023		
	Amortised cost	At fair value through profit or loss	Total
Short term borrowings -secured	162,749,117	-	162,749,117
Trade payables	11,953,880	-	11,953,880
Accrued expenses & other liabilities	11,145,682	-	11,145,682
	185,848,679	-	185,848,679

	2022		
	Amortised cost	At fair value through profit or loss	Total
Short term borrowings -secured	158,357,787		158,357,787
Trade payables	12,623,410	-	12,623,410
Accrued expenses & other liabilities	11,964,810	-	11,964,810
	182,946,007	-	182,946,007

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets

2023	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	158,561,980	-	-	158,561,980
	158,561,980	**-**	**-**	**158,561,980**

2022	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	185,304,276	-	-	185,304,276
	185,304,276	**-**	**-**	**185,304,276**

24 CAPITAL

24.1 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The management closely monitors the return on capital employed along with the level of distributions to ordinary shareholders. Further, in order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital, or issue new shares.

On a regular basis, the Company manages to meet the financial resource requirements applicable to the Company (i.e., minimum levels of Liquid Capital or net worth) as specified in the Securities Brokers (Licensing and Operations) Regulations, 2016.

24.2 Capital Adequacy Level

		June 30, 2023
Total Assets		355,432,493
Less: Total Liabilities		(185,848,679)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)		-
Capital Adequacy Level	23.2.1	169,583,814

24.2.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2023, as determined by Pakistan Stock Exchange has been considered.

24.3 Liquid Capital Balance

Liquid Capital Balance of the Company, as at June 30, 2023, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is **Rs. 68,744,586/-**. The Statement of Liquid Capital is enclosed as Annexure A-I.

25 <u>RELATED PARTY TRANSACTIONS</u>

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries), Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment.

RAFI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place, advances to related parties are disclosed in note 11.3 to the financial statememts.

KEY MANAGEMENT PERSONNEL:	2023	2022
Saima Naeem (Director)		
Balances at year end		
Trade receivable at year end	2,224	13,004
Muhammad Saleem Mansoori (Shareholder)		
Balances at year end		
Trade receivable at year end	3,938	-

26 GENERAL

26.1 Number of Employees

	2023	2022
Total employees of the Company at the year end	37	34
Average employees of the Company during the year	36	35

26.2 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

Figures have been rounded off to the nearest rupee.

26.3 Authorization for Issue

These financial statements were approved by the Company's board of directors and authorised for issue on 06 OCT 2023.

Chief Executive

Director

RAFI SECURITIES (PRIVATE) LIMITED
STATEMENT OF LIQUID CAPITAL
AS ON JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	498,334	(498,334)	-
1.2	Intangible Assets	2,804,878	(2,804,878)	-
1.3	Investment in Govt. Securities			
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	128,943,818	(22,247,779)	106,696,039
	ii. If unlisted, 100% of carrying value.			
1.6	Investment in subsidiaries			
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	**Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.** (i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	5,250,000	(5,250,000)	-
1.9	Margin deposits with exchange and clearing house.	4,598,258	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	
1.11	Other deposits and prepayments	41,740	(41,740)	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (*Securities purchased under repo arrangement shall not be included in the investments.*)			
1.15	Advances and receivables other than trade Receiveables; (i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months. (ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation . (iii) In all other cases 100% of net value	13,935,686	(13,935,686)	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. ***i. Lower of net balance sheet value or value determined through adjustments.***	-	-	-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***			
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***			
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	8,455,741	-	8,455,741
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. ***v. Lower of net balance sheet value or value determined through adjustments***	152,471,058	(19,605,268)	132,865,790

	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. vi. *Lower of net balance sheet value or value determined through adjustments*	6,162	(6,162)	-
1.18	**Cash and Bank balances**			
	i. Bank Balance-proprietory accounts	314,263	-	314,263
	ii. Bank balance-customer accounts	11,953,879	-	11,953,879
	iii. Cash in hand	-	-	-
1.19	**Subscription money against investment in IPO/ offer for sale (asset)** (i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker. (ii) In case of investment in IPO where shares have been alloted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities. (iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.			
1.20	**Total Assets**	329,273,817	(64,389,847)	260,285,712
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	7,496,461	-	7,496,461
	ii. Payable against leveraged market products			
	iii. Payable to customers	11,953,880	-	11,953,880
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	339,068	-	339,068
	ii. Accruals and other payables	3,310,153	-	3,310,153
	iii. Short-term borrowings	162,749,117	-	162,749,117
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for taxation			
	viii. Other liabilities as per accounting principles and included in the financial statements			
2.3	**Non-Current Liabilities**			
	i. Long-Term financing			
	ii. Other liabilities as per accounting principles and included in the financial statements			
	iii. Staff retirement benefits			
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases			
2.4	**Subordinated Loans** i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:		-	-
2.5	**Advance against shares for Increase in Capital of Securities broker:** 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	**Total Liabilities**	185,848,679	-	185,848,679
3. Ranking Liabilities Relating to :				
3.1	**Concentration in Margin Financing** The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities	-	-	-
3.2	**Concentration in securites lending and borrowing** The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
	Net underwriting Commitments			

3.3	(a) In the case of right issuse : if the market value of securites 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 issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment			
	(b) in any other case : 12.5% of the net underwriting commitments			
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
3.7	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
3.8	Concentrated proprietary positions			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	-	-	-
3.9	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	5,692,447	-	5,692,447
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
3.10	Short selll positions			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	Total Ranking Liabilites	5,692,447	-	5,692,447
	Liquid Capital	137,732,691	(64,389,847)	68,744,586

Chief Executive Officer / Director