IGI FINEX SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the members of IGI Finex Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **IGI Finex Securities Limited** (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other 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.

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

Management is responsible for the other information. The other information comprises the information included in the 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.

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Futures Market 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.

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

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

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

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A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: May 17, 2023
UDIN: AR202210068gnbNFEW63

IGI FINEX SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022	2021
		---------- Rupees ----------	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	4	31,609,998	19,167,001
- Intangible assets	5	15,529,186	15,265,472
Investments	6	12,951,860	22,040,204
Long term deposits	7	21,129,664	21,629,664
Deferred tax asset - net	8	56,856,558	55,758,390
		138,077,266	133,860,731
Current assets			
Trade receivables - net	9	34,866,680	67,044,429
Advances	10	997,833	1,014,806
Deposits and prepayments	11	92,282,091	207,467,541
Accrued mark-up - net	12	7,277,280	3,498,293
Other receivables	13	3,826,871	8,927,505
Taxation recoverable		65,752,956	59,101,787
Bank balances	14	528,387,600	835,845,543
		733,391,311	1,182,899,904
TOTAL ASSETS		871,468,577	1,316,760,635
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10 each (2021: 60,000,000 ordinary shares of Rs. 10 each)		600,000,000	600,000,000
Issued, subscribed and paid-up share capital	15	520,000,000	520,000,000
Surplus on remeasurement of financial assets - net	16	12,951,460	22,039,804
Advance against issue of preference shares	17	495,000,000	495,000,000
Accumulated losses		(700,618,843)	(709,278,069)
Total equity		327,332,617	327,761,735
Non-current liabilities			
Retirement benefit obligations	18	25,242,710	19,534,312
Lease liabilities against right-of-use assets	19	9,024,096	1,882,313
		34,266,806	21,416,625
Current liabilities			
Trade and other payables	20	507,929,545	966,849,137
Current portion of lease liabilities against right-of-use assets	19	1,939,609	733,138
		509,869,154	967,582,275
Total liabilities		544,135,960	988,998,900
TOTAL EQUITY AND LIABILITIES		871,468,577	1,316,760,635
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

IGI FINEX SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		---------------- Rupees	--------------
Operating revenue	22	121,954,856	287,116,442
Other operating revenue	23	65,208,130	39,270,108
Total operating income		187,162,986	326,386,550
Administrative and operating expenses	24	(182,832,211)	(224,300,891)
Financial charges	25	(1,814,225)	(706,121)
Total operating expenses		(184,646,436)	(225,007,012)
Other income	26	7,781,013	1,493
Profit before taxation		10,297,563	101,381,031
Taxation	28	(723,724)	(32,463,144)
Profit for the year		9,573,839	68,917,887
Earnings per share - basic and diluted	29	0.18	1.33

The annexed notes from 1 to 38 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		---------- Rupees ----------	
Profit for the year		9,573,839	68,917,887
Other comprehensive loss			
Items that will not be reclassified to the statement of profit or loss subsequently			
Actuarial loss on defined benefit obligation - net of tax	18.1.5	(914,614)	(811,987)
Unrealised loss on remeasurement of financial assets classified as 'at fair value through other comprehensive income'	16	(9,088,344)	(1,715,556)
		(10,002,958)	(2,527,543)
Total comprehensive (loss) / income for the year		(429,119)	66,390,344

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up share capital	Advance against issue of preference shares	Capital reserve: Surplus / (deficit) on remeasurement of financial assets at fair value through other comprehensive income - net	Revenue reserve: Accumulated losses	Total
	(Rupees)				
Balance as at January 1, 2021	520,000,000	550,000,000	23,755,360	(777,383,969)	316,371,391
Total comprehensive income for the year					
Profit for the year	-	-	-	68,917,887	68,917,887
Other comprehensive loss	-	-	(1,715,556)	(811,987)	(2,527,543)
	-	-	(1,715,556)	68,105,900	66,390,344
Transaction with owners in their capacity as owners					
Repayment of advance against preference shares	-	(55,000,000)	-	-	(55,000,000)
Balance as at December 31, 2021	520,000,000	495,000,000	22,039,804	(709,278,069)	327,761,735
Balance as at January 1, 2022	520,000,000	495,000,000	22,039,804	(709,278,069)	327,761,735
Total comprehensive loss for the year					
Profit for the year	-	-	-	9,573,839	9,573,839
Other comprehensive loss	-	-	(9,088,344)	(914,614)	(10,002,958)
	-	-	(9,088,344)	8,659,225	(429,119)
Balance as at December 31, 2022	520,000,000	495,000,000	12,951,460	(700,618,843)	327,332,617

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		---------------- Rupees --------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,297,563	101,381,031
Adjustments for non-cash items			
Depreciation	4	6,176,725	6,109,425
Amortisation	5.2	589,370	585,418
(Gain) / loss on disposal of property and equipment	26	(7,754,437)	3,126
Bad debts written off	24	-	1,363,506
Dividend income	23	(6,498)	(320,590)
Profit on savings accounts	23	(49,194,121)	(24,854,077)
Income on exposure deposits with NCCPL / Pakistan Stock Exchange Limited	23	(9,517,454)	(8,583,910)
Income on Base Minimum Capital deposit	23	(2,007,287)	(677,207)
Income from MTS exposure	23	(152,922)	(21,141)
Charge for defined benefit plan	24.2	4,635,053	3,612,590
Financial charges	25	1,814,225	706,121
		(55,417,346)	(22,076,739)
		(45,119,783)	79,304,292
Changes in working capital			
Decrease in current assets			
Trade receivables - net		32,177,749	(36,323,188)
Advances		16,973	(93,906)
Deposits and prepayments		115,185,450	76,579,921
Other receivables		5,100,634	(5,748,096)
		152,480,806	34,414,731
(Decrease) / increase in current liabilities			
Trade and other payables		(458,919,592)	144,986,681
Cash (used in) / generated from operations		(351,558,569)	258,705,704
Finance cost paid		(716,436)	(558,505)
Income tax paid		(8,099,486)	(20,990,319)
Payment against defined benefit plan		(214,844)	(933,921)
Rentals paid against lease liability		(7,395,534)	(1,805,638)
Net cash (used in) / generated from operating activities		(367,984,869)	234,417,321
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment		(6,018,972)	(1,497,139)
Payment for purchase of intangible assets		(853,084)	(73,499)
Proceeds from disposal of property and equipment		9,799,687	30,000
Decrease / (increase) in long-term deposits		500,000	(5,900,000)
Dividend received		6,498	320,590
Profit / income received on savings accounts and deposits		57,092,797	34,847,257
Net cash generated from investing activities		60,526,926	27,727,209
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of advance against preferance shares		-	(55,000,000)
Net cash used in financing activities		-	(55,000,000)
Net (decrease) / increase in cash and cash equivalents		(307,457,943)	207,144,530
Cash and cash equivalents at the beginning of the year		835,845,543	628,701,013
Cash and cash equivalents at the end of the year	14	528,387,600	835,845,543

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI Finex Securities Limited (the Company) was incorporated in Pakistan on June 28, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at Suite No. 701-713, 7th Floor, the Forum, G-20, Khayaban-e-Jami, Block-9, Clifton, Karachi. The Company has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The Company is also a corporate member of Pakistan Mercantile Exchange Limited.

The principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The Company is a wholly owned subsidiary of IGI Holdings Limited (the Holding Company).

1.2 The geographical locations and addresses of the Company's branches are as under:

- Corporate Office, Suite 701-713, 7th Floor, the Forum, Khayaban-e-Jami, Clifton, Block 9, Karachi.
- Shop # G-009, Ground Floor, Packages Mall, Lahore.
- 3rd Floor, 85 East, F/7-G/7 Kamran Centre, Jinnah Avenue, Blue Area, Islamabad.
- Office # 2, 5 & 8, Ground Floor, Regency International 949, The Mall, Faisalabad.
- Basement of Khalid Market, Building # 12, Town Hall Road, Rahim Yar Khan.
- Mezzanine Floor, Abdali Towers, Abdali Road, Multan.

2 BASIS OF PREPARATION AND MEASUREMENT

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, amendments and interpretations to accounting and reporting standards that are effective in the current year:

There are certain standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.1 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective:

The following new amendments will be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 01, 2023 & January 01, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 01, 2023
- IAS 12 - 'Income taxes' (amendments)	January 01, 2023
- IFRS 16 - 'Leases' (amendments)	January 01, 2024

The management is in the process of assessing the impact of these amendments on the financial statements of the Company.

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There are certain other new standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023. However, these will not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

2.2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments have been marked to market and are carried at fair value, retirement benefit obligation has been carried at present value of the defined benefit obligation, lease liabilities have been carried at present value and right-of-use assets are initially measured at an amount equal to the corresponding lease liabilities (adjusted for any lease payments and costs as disclosed in note 3.2 to these financial statements) and are depreciated over the respective lease terms.

2.2.3 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 Rupees, which is the Company's functional and presentation currency.

2.2.4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Determination and measurement of useful lives and residual value of property and equipment (notes 3.1.1 and 4);

ii) Amortisation of intangible assets (notes 3.1.2 and 5);

iii) Impairment of financial assets other than investments (notes 3.4.1.2, 9, 12 and 13);

iv) Provision for current and deferred taxation (notes 3.9, 8 and 28);

v) Provision for retirement benefits (notes 3.3 and 18); and

vi) Lease liability and right-of-use assets (notes 3.2, 4 and 19).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Fixed assets

3.1.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. The cost of an item of property and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation on all fixed assets is calculated using the straight line method in accordance with the rates specified in note 4 to these financial statements after taking into account residual values, if significant. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if significant, at each reporting date.

Depreciation on additions is charged from the date the asset is available for use. For any disposal, depreciation is charged till the date of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the statement of profit and loss as and when incurred.

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Gains or losses arising from derecognition of property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.1.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual values, if significant, at the rates specified in note 5 to these financial statements. Amortisation is charged from the date the asset is available for use while in the case of assets disposed off, it is charged till the date of disposal. The useful lives, assets' residual values and amortisation method are reviewed and adjusted, if significant, at each reporting date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.2 Right-of-use assets and their related lease liability

3.2.1 Right-of-use assets

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

3.2.2 Lease liability against right-of-use assets

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

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

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

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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3.3 Staff retirement benefits

3.3.1 Unfunded gratuity scheme

The Company has an unfunded gratuity scheme for its employees who have completed the prescribed qualifying period of service with effect from January 1, 2020. Provision in respect of gratuity costs is recorded based on actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit method. In accordance with IAS 19, remeasurements arising as a result of actuarial valuations, are recorded in other comprehensive income in the period in which these occur.

3.3.2 Defined contribution plan

The Company operates an unrecognised contributory provident fund for all the permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 10% of the basic salary. The Company has no further payment obligations once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

3.4 Financial instruments

3.4.1 Financial assets

3.4.1.1 Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories in accordance with the requirements of IFRS 9:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.4.1.2.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 3.4.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from surplus on remeasurement of financial assets to the statement of profit or loss.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The fair value of investments is determined based on the rate of securities as quoted on the Pakistan Stock Exchange Limited.

The dividend income for equity securities classified under FVOCI are to be recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

3.4.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI and trade receivables. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.4.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or

(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.4.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.4.2 Financial liabilities

Financial liabilities are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost except for financial liabilities at fair value through profit and loss.

3.4.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.

3.5 Securities under repurchase / resale agreement

Transactions of sale under repurchase (repo) of securities are entered into at contracted rates for specified periods of time. These securities are not derecognised from the financial statements and are continued to be recognised as investments and measured in accordance with the accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as interest / mark-up expense and accrued over the life of the repo agreement.

Transactions of purchase under resale (reverse-repo) of securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the statement of financial position as investments, as the Company does not obtain control over the assets. Amounts paid under these arrangements are included in the statement of financial position as receivable against reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the life of the reverse-repo agreement.

All purchases and sales of securities that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the asset.

3.6 Trade receivables and other receivables

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

3.7 Trade and other payables

Liabilities for trade and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the Company.

3.8 Provisions

Provisions are recognised when the Company has a present obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.9 Taxation

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

3.9.1 Current

Provision for current taxation is based on taxability of certain income streams of the Company under minimum tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under normal tax regime after taking into account tax credits and rebates available, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year.

3.9.2 Deferred

Deferred tax is recognised using the balance sheet method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes.

Deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax asset is reviewed at each reporting date and suitable adjustments are made to that extent.

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they will be reversed, based on the tax rates that have been enacted or substantively enacted at the reporting date.

3.10 Revenue recognition

The Company recognises revenue when the performance obligations are fulfilled. The obligations are fulfilled when the services have been rendered to the customer. Therefore, the Company recognises revenue based on the following principles:

- Brokerage revenue arising from sales / purchase of securities on client's behalf is recognised on the date of execution of the transaction by the Company;
- Income from bank balances and deposits is recognised on accrual basis;
- Dividend income is recorded when the right to receive the dividend is established;
- Unrealised gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through other comprehensive income' are included in the statement of profit or loss and other comprehensive income in the period in which these arise.

3.11 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 recognised in the financial statements in the period in which such dividends and transfers are approved.

3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows include cash in hand, balances with banks in current and savings accounts, term deposits, short-term running finances under mark-up arrangements and other short-term highly liquid investments with original maturities of three months or less.

3.13 Earning per share (EPS)

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.14 Advance against issue of preference shares

Advance against issue of preference shares is recorded at cost of the consideration received.

4 PROPERTY AND EQUIPMENT

	2022								
	Leasehold improvements	Furniture and fixtures	Office equipment	Communi-cation equipment	Computer equipment	Motor vehicles	Right-of-use asset - Building	Right-of-use asset - Vehicles	Total
	Rupees								
As at January 1, 2022									
Cost	21,326,483	1,214,607	2,348,625	1,571,361	8,786,684	28,419,484	1,216,970	3,735,000	68,619,214
Accumulated depreciation	(18,623,400)	(762,131)	(1,798,043)	(1,432,414)	(6,238,417)	(19,125,175)	(1,183,171)	(289,462)	(49,452,213)
Net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
Year ended December 31, 2022									
Opening net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
Additions	987,313	665,864	457,909	40,233	3,632,987	234,666	-	14,646,000	20,664,972
Disposals - (note 4.1)									
Cost	18,454,575	90,652	249,917	379,500	243,492	7,076,222	-	-	26,494,358
Accumulated depreciation	(17,845,351)	(72,488)	(249,917)	(379,500)	(243,492)	(5,658,360)	-	-	(24,449,108)
	609,224	18,164	-	-	-	1,417,862	-	-	2,045,250
Depreciation charge for the year	(464,744)	(113,988)	(129,717)	(61,180)	(1,776,757)	(2,065,936)	(33,799)	(1,530,604)	(6,176,725)
Closing net book value	2,616,428	986,188	878,774	118,000	4,404,497	6,045,177	-	16,560,934	31,609,998
As at December 31, 2022									
Cost	3,859,221	1,789,819	2,556,617	1,232,094	12,176,179	21,577,928	1,216,970	18,381,000	62,789,828
Accumulated depreciation	(1,242,793)	(803,631)	(1,677,843)	(1,114,094)	(7,771,682)	(15,532,751)	(1,216,970)	(1,820,066)	(31,179,830)
Net book value	2,616,428	986,188	878,774	118,000	4,404,497	6,045,177	-	16,560,934	31,609,998
Depreciation rate % per annum	10	10	10	20	33	20	33	20	

	Leasehold improvements	Furniture and fixtures	Office equipment	Communi-cation equipment	Computer equipment	Motor vehicles	Right-of-use asset - Building	Right-of-use asset - Vehicle	Total
	2021								
	Rupees								
As at January 1, 2021									
Cost	21,037,844	948,647	2,233,677	2,379,811	8,223,706	28,419,484	1,216,970	-	64,460,139
Accumulated depreciation	(18,130,668)	(731,057)	(1,791,006)	(2,191,336)	(4,722,964)	(16,038,184)	(777,511)	-	(44,382,726)
Net book value	2,907,176	217,590	442,671	188,475	3,500,742	12,381,300	439,459	-	20,077,413
Year ended December 31, 2021									
Opening net book value	2,907,176	217,590	442,671	188,475	3,500,742	12,381,300	439,459	-	20,077,413
Additions	288,639	308,660	196,054	26,700	677,086	-	-	3,735,000	5,232,139
Disposals									
Cost	-	42,700	81,106	835,150	114,108	-	-	-	1,073,064
Accumulated depreciation	-	(20,671)	(72,829)	(835,150)	(111,288)	-	-	-	(1,039,938)
	-	22,029	8,277	-	2,820	-	-	-	33,126
Depreciation charge for the year	(492,732)	(51,745)	(79,866)	(76,228)	(1,626,741)	(3,086,991)	(405,660)	(289,462)	(6,109,425)
Closing net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
As at December 31, 2021									
Cost	21,326,483	1,214,607	2,348,625	1,571,361	8,786,684	28,419,484	1,216,970	3,735,000	68,619,214
Accumulated depreciation	(18,623,400)	(762,131)	(1,798,043)	(1,432,414)	(6,238,417)	(19,125,175)	(1,183,171)	(289,462)	(49,452,213)
Net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
Depreciation rate % per annum	10	10	10	20	33	20	33	20	

4.1 The aggregate net book value of disposals was not in excess of Rs. 0.5 million during the year ended December 31, 2022.

4.2 The cost and accumulated depreciation in respect of fully depreciated assets still in Company's use as at December 31, 2022 amounted to Rs. 22.017 and Rs. 19.102 million (2021: Rs. 34.741 million and Rs. 26.823 million) respectively.

	Note	2022	2021
5 INTANGIBLE ASSETS		Rupees	
Capital work-in-progress	5.1	853,084	-
Intangibles	5.2	14,676,102	15,265,472
		15,529,186	15,265,472

5.1 Capital work-in-progress

Advance to supplier	853,084	-

5.2 Intangibles

	Membership card (note 5.3)	Computer software	Club membership	Trading Rights Entitlement Certificate (TREC) (note 5.4)	Total
	2022				
	Rupees				
As at January 1, 2022					
Cost	250,000	16,941,379	2,000,000	14,999,000	34,190,379
Accumulated amortisation / impairment	-	(12,924,907)	(2,000,000)	(4,000,000)	(18,924,907)
Net book value	250,000	4,016,472	-	10,999,000	15,265,472
Year ended December 31, 2022					
Opening net book value	250,000	4,016,472	-	10,999,000	15,265,472
Additions	-	-	-	-	-
Amortisation for the year	-	(589,370)	-	-	(589,370)
Closing net book value	250,000	3,427,102	-	10,999,000	14,676,102
As at December 31, 2022					
Cost	250,000	16,941,379	2,000,000	14,999,000	34,190,379
Accumulated amortisation / impairment	-	(13,514,277)	(2,000,000)	(4,000,000)	(19,514,277)
Net book value	250,000	3,427,102	-	10,999,000	14,676,102
Amortisation rate % per annum		10 - 33.33	50		

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	2021				
	Membership card (note 5.3)	Computer software	Club membership	Trading Rights Entitlement Certificate (TREC) (note 5.4)	Total
	----------	----------	Rupees	----------	----------
As at January 1, 2021					
Cost	250,000	16,867,880	2,000,000	14,999,000	34,116,880
Accumulated amortisation / impairment	-	(12,339,489)	(2,000,000)	(4,000,000)	(18,339,489)
Net book value	250,000	4,528,391	-	10,999,000	15,777,391
Year ended December 31, 2021					
Opening net book value	250,000	4,528,391	-	10,999,000	15,777,391
Additions	-	73,499	-	-	73,499
Amortisation for the year	-	(585,418)	-	-	(585,418)
Closing net book value	250,000	4,016,472	-	10,999,000	15,265,472
As at December 31, 2021					
Cost	250,000	16,941,379	2,000,000	14,999,000	34,190,379
Accumulated amortisation / impairment	-	(12,924,907)	(2,000,000)	(4,000,000)	(18,924,907)
Net book value	250,000	4,016,472	-	10,999,000	15,265,472
Amortisation rate % per annum		10 - 33.33	50		

5.3 This represents membership card of Pakistan Mercantile Exchange Limited as the Company is a member of Pakistan Mercantile Exchange Limited as explained in note 1.1.

5.4 This represents Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012.

5.5 The cost and accumulated amortisation in respect of fully amortised intangible assets still in Company's use as at December 31, 2022 amounted to Rs. 11.219 million (2021: Rs. 11.219 million).

6 INVESTMENTS

	Note	2022	2021
		------- Rupees	-------
Financial assets at 'fair value through other comprehensive income'			
- Quoted equity securities	6.1 & 6.2	12,951,860	22,040,204

6.1

Company name	Number of shares				Percentage of equity held	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised loss on remeasurement for the year
	As at January 1, 2022	Purchased / bonus issued during the year	Sold during the year	As at December 31, 2022				
						----------	Rupees	----------
Pakistan Stock Exchange Limited (PSX)	1,602,953	-	-	1,602,953	0.20%	22,040,204	12,951,860	(9,088,344)
Total as at December 31, 2022						22,040,204	12,951,860	(9,088,344)
Total as at December 31, 2021						23,755,760	22,040,204	(1,715,556)

6.2 The shares of PSX were allotted to the Company pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. As at December 31, 2022, 1,602,953 shares (2021: 1,602,953 shares) were pledged with CDC in order to comply with the Base Minimum Capital requirement prescribed by the PSX.

7 LONG TERM DEPOSITS

	Note	2022	2021
		------- Rupees	-------
Deposits with:			
National Clearing Company of Pakistan Limited		100,000	1,100,000
Pakistan Mercantile Exchange Limited		750,000	750,000
NCEL Building Management (Private) Limited	7.1	2,500,000	2,500,000
Pakistan Stock Exchange Limited	7.2	17,775,000	17,275,000
Others		4,664	4,664
		21,129,664	21,629,664

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7.1 This represents deposit given to NCEL Building Management (Private) Limited for acquiring office premises.

7.2 This represents amount deposited with Pakistan Stock Exchange Limited (PSX) on account of Base Minimum Capital requirement prescribed by PSX and is in addition to the shares of PSX as mentioned in note 6.2 to these financial statements. This deposit carries mark-up / interest at the rate of 12.5% (2021: 7.25%) per annum.

8 DEFERRED TAX ASSET - NET	Note	2022	2021
		Rupees	
Deductible / (taxable) temporary differences arising in respect of:			
- Provision for doubtful debts and other receivables	8.1	48,973,461	48,973,461
- Provision for retirement benefit obligation		6,879,408	5,101,231
- Provision for leave encashment		2,180,281	1,985,143
- Accelerated tax depreciation		(1,176,592)	(301,445)
		56,856,558	55,758,390

8.1 The Company has an aggregate amount of Rs. 701.504 million (2021: Rs. 701.504 million) as at December 31, 2022 in respect of deductible temporary differences arising on provisions made against doubtful receivables on the same date.

While maintaining that deferred tax on deductible differences (provision for doubtful receivables) provides an opportunity for tax planning and the Company would be able to fully utilise them in the future years, the management has taken a conservative view on the balance of deferred tax recognised as an asset against deductible temporary differences on provision against doubtful receivables in the financial statements of the Company. The Company, nevertheless, retains the right to consider and evaluate on an ongoing basis tax planning opportunities with respect to provision write offs. Accordingly, on a conservative estimate basis, the amount of deferred tax asset recognised against deductible temporary differences has been limited to Rs. 48.973 million (2021: Rs. 48.973 million) during the year.

In connection with the above, the management has prepared financial projections which have been approved by the Board of Directors of the Company. These projections involve certain key assumptions underlying the estimation of future taxable profits. The determination of future taxable profits takes into account various assumptions regarding the future business, economic and market conditions. Key assumptions include market share of the Company, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write offs etc. A significant change in the assumptions used may impact the realisability of the deferred tax asset.

8.2 Movement in deferred tax asset is as follows:	Note	2022	2021
		Rupees	
Opening deferred tax asset - net		55,758,390	67,868,468
Reversal / (charge) to the statement of profit or loss			
Unused tax losses		-	(14,474,340)
Provision for retirement benefit obligation		1,404,602	508,372
Provision for leave encashment		195,138	1,321,821
Accelerated tax depreciation		(875,147)	202,413
		724,593	(12,441,734)
Charge to the statement of profit or loss and other comprehensive income			
Provision for retirement benefit obligation		373,575	331,656
		373,575	331,656
Closing deferred tax asset - net		56,856,558	55,758,390

9 TRADE RECEIVABLES - NET	Note	2022	2021
Considered good			
Receivable from clients against purchase of marketable securities and commodity contracts	9.1	12,622,262	21,943,880
Receivable from National Clearing Company of Pakistan Limited		7,808,028	30,664,159
Considered doubtful			
Receivable from clients against purchase of marketable securities and commodity contracts		593,333,323	593,333,323
Commission receivable		414,265	414,265
Provision against doubtful debts	9.2	(579,311,198)	(579,311,198)
		14,436,390	14,436,390
		34,866,680	67,044,429

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		2022	2021
		---------------- Rupees --------------	
9.1	This includes amounts due from related parties as under:		
	Key management personnel	-	-
	Other related parties and associated undertakings	163,579	9,269,277
		163,579	9,269,277

9.1.1 The aging analysis of amounts due from related parties is disclosed in note 32.3.2 to the financial statements.

		Note	2022	2021
			---------------- Rupees --------------	
9.2	**Provision against doubtful debts**			
	Opening provision		579,311,198	579,864,775
	Charge for the year		-	-
	Written off during the year		-	(553,577)
	Reversal during the year		-	-
			-	(553,577)
	Closing provision	9.2.1	579,311,198	579,311,198

9.2.1 This includes provision of Rs. 4.404 million (2021: Rs. 4.404 million) in respect of related parties.

9.2.2 Provision against doubtful debts has been made after considering the market value of listed equity securities amounting to Rs. 22.154 million (2021: Rs. 22.431 million) held in custody by the Company against respective customers accounts.

		Gross Amount	Provision Held	Net Amount
		---------------------------- Rupees	--------------------------	
9.3	**Ageing analysis**			
	Upto 5 days	11,694,523	-	11,694,523
	More than 5 but upto 14 days	524,649	-	524,649
	More than 14 but upto 30 days	576,166	-	576,166
	More than 30 but upto 60 days	590,241	-	590,241
	More than 60 but upto 90 days	255,553	-	255,553
	More than 90 days	600,536,746	579,311,198	21,225,548
		614,177,878	579,311,198	34,866,680

		Note	2022	2021
			---------------- Rupees --------------	
9.4	**Customer assets**			
	Central Depository System	9.4.1	5,696,198,557	6,636,941,700

9.4.1 The value of customers' assets held in the Central Depository System by the Company and maintained in the Company's sub-accounts as at December 31, 2022 amounts to Rs. 5,696.199 million (2021: Rs. 6,636.942 million).

		Note	2022	2021
			---------------- Rupees --------------	
10	**ADVANCES**			
	Considered good			
	Advances to employees	10.1	399,178	229,245
	Advance to supplier		330,751	493,656
	Others		267,904	291,905
			997,833	1,014,806

10.1 The advances to employees are given to meet personal and travelling expenses. These are granted to employees of the Company in accordance with their terms of employment and are recovered through deductions from salaries / against expense settlements.

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11 DEPOSITS AND PREPAYMENTS

	Note	2022	2021
		Rupees	
Pakistan Stock Exchange Limited		357,923	357,923
Exposure deposits with National Clearing Company of Pakistan Limited / Pakistan Stock Exchange Limited	11.1	84,615,690	198,745,690
Pakistan Mercantile Exchange Limited - margin deposit		3,576,304	5,134,753
Security deposits		1,775,800	690,800
Prepayments		1,956,374	2,538,375
		92,282,091	207,467,541

11.1 This represents deposits held at the year end against exposures arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited (the Exchange). Interest is earned on the deposit at rates as determined by the Exchange. These deposits carry interest / mark-up at the rate of 10% (2021: 5%) per annum.

12 ACCRUED MARK-UP - NET

	Note	2022	2021
		Rupees	
Considered good			
Accrued income on savings accounts, loans and exposure deposits		6,717,246	3,258,506
Accrued income on BMC deposit		560,034	239,787
Considered doubtful			
Accrued mark-up income		69,947,808	69,947,808
Accrued income on other receivables		12,440,328	12,440,328
		82,388,136	82,388,136
Provision against doubtful accrued mark-up	12.1	(82,388,136)	(82,388,136)
		7,277,280	3,498,293

12.1 Provision against doubtful accrued mark-up

	2022	2021
Opening balance	82,388,136	82,388,136
Charge for the year	-	-
Reversal during the year	-	-
Balance as at year end	82,388,136	82,388,136

13 OTHER RECEIVABLES

	Note	2022	2021
Considered good			
Receivable from related parties	13.1	2,838,058	7,324,996
Others		988,813	1,602,509
		3,826,871	8,927,505
Considered doubtful			
Receivable against overdue reverse repurchase transaction	13.2	13,297,927	13,297,927
Others		26,506,756	26,506,756
		39,804,683	39,804,683
Provision against other receivables	13.3	(39,804,683)	(39,804,683)
		3,826,871	8,927,505

13.1 This represents receivable on account of group shared services.

13.2 This represents receivable against overdue reverse repurchase transaction with another brokerage house. During the financial year ended June 30, 2013, the borrower entered into a settlement agreement with the Company under which it acknowledged its liability to pay Rs. 114 million and the related mark-up and also paid Rs. 50 million against the release of certain shares held as collateral. The outstanding balance as at the previous reporting period was secured against certain shares listed on PSX and ten shops located at Fortress Stadium, Lahore. During the year ended June 30, 2015, these collaterals were sold by the Company. The remaining balance of Rs. 13.298 million is unsecured and has been fully provided.

13.3 Provision against doubtful other receivables

	2022	2021
	Rupees	
Opening balance	39,804,683	39,804,683
Charge for the year	-	-
Reversal during the year	-	-
Balance as at year end	39,804,683	39,804,683

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13.4 The aging analysis of other receivables from related parties is disclosed in note 32.3.2 to the financial statements.

	Note	2022	2021
		---------------- Rupees	--------------
14 BANK BALANCES			
Cash at banks in:			
Current accounts		30,566,829	23,473,643
Savings accounts	14.1	497,820,771	812,371,900
	14.2	528,387,600	835,845,543

14.1 These savings accounts carry mark-up at the rates ranging from 7% to 15.5% (2021: 2.76% to 8.25%) per annum.

14.2 This includes an amount of Rs. 421.140 million (2021: Rs. 767.636 million) representing clients' funds.

15 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022	2021		2022	2021
---- Number of shares ----			---------------- Rupees	--------------
52,000,000	52,000,000	Ordinary shares of Rs. 10 each fully paid in cash	520,000,000	520,000,000

15.1 The Holding Company holds 52,000,000 shares (2021: 52,000,000 shares).

	Note	2022	2021
16 SURPLUS ON REMEASUREMENT OF FINANCIAL ASSETS - NET		---------------- Rupees	--------------
Opening surplus on remeasurement of investments classified as 'financial assets at fair value through other comprehensive income'		22,039,804	23,755,360
Unrealised loss recognised during the year	6.1	(9,088,344)	(1,715,556)
Closing surplus on remeasurement of investments classified as 'financial assets at fair value through other comprehensive income'		12,951,460	22,039,804

17 ADVANCE AGAINST ISSUE OF PREFERENCE SHARES

During the financial year ended June 30, 2012, the Company received Rs. 650 million in the form of interest free subordinated loan from Syed Babar Ali, Chairman – IGI Holdings Limited, the Holding Company, and a key sponsor of the Company (the preference shareholder). On June 29, 2012, the Company and Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the subordinated loan into preference shares to be issued by the Company to Syed Babar Ali.

The Subscription Agreement provided for issue of 65,000,000 preference shares at the rate of Rs. 10 per share and these shares were to be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, the Company was to take steps for issuance and allotment of preference shares to Syed Babar Ali and to complete all requisite formalities in that connection.

On April 18, 2014 and June 30, 2016 the Company had signed Addendums to the aforesaid Subscription Agreement to amend the terms for payment of dividend to the preference shareholder (as may be declared by the Company out of its distributable profits) and the entitlement of preference shareholder in case of liquidation / change of management control of the Company.

Consequent to the above, in case of change in management control of the Company, the preference shareholder was to be first paid dividend up to 10% of par value until the aggregate amount of preferential dividend paid equals Rs. 650 million and thereafter, 0.1% of par value. Further, in case of liquidation of the Company, preference shareholder shall have priority over ordinary shareholder to the extent of par value of preference shares held, less dividends paid on preference shares.

During the year ended December 31, 2018, the Company had repaid an amount of Rs. 100 million in respect of the advance against preference shares.

During the year ended December 31, 2019, another addendum was signed to reflect that the amount of advance against preference shares was reduced to Rs. 550 million and preference shares were reduced to 55,000,000 at the rate of Rs. 10 per share. Further, the Company may at its option or discretion refund the entire subscription amount (or any part thereof) at any time during the term of this Subscription Agreement subject to a fifteen days notice to the sponsor, provided that the sponsor shall not be entitled to demand claim / refund of the Subscription amount (or any part thereof) in term of this clause of the Subscription Agreement. During the year ended December 31, 2021, the Company repaid an amount of Rs. 55 million in respect of the advance against preference shares.

Subsequent to the year ended December 31, 2022, the Company has complied with the following requirements defined in Serial No. 5.2A of the Clarifications on Calculation and Reporting of Net Capital Balance issued by the SECP on September 8, 2016:

a) The authorised capital has been enhanced after obtaining the required approval by the SECP;
b) Relevant regulatory requirements and compliances have been ensured by the Company; and
c) Board of Directors' approval for issuance of preference shares was obtained.

The Subscription Agreement of Preference Shares has been signed on February 24, 2023 which supersedes all previously signed Subscription Agreements and related Addendums. The Company has also completed the allotment of preference shares to Syed Babar Ali after completing the regulatory formalities and preference shares amounting to Rs 485,000,000 have been issued. Under the terms of the revised subscription agreement, the preference shares are non-redeemable, non-voting, non-cumulative and are convertible into ordinary shares of the Company in the ratio of 1:1 at par value at the option of Syed Babar Ali. Further, the rate of dividend is 3% as and when declared by the Company up to the amount of Rs. 495,000,000 and thereafter at the rate of 0.1% in excess of Rs. 495,000,000. In case there is a change in management control the rate of dividend shall be 10% instead of 3% on amount of par value less dividends paid to preference shareholder upto the date of change in management control and thereafter 0.1% of amount of par value. Further in case of liquidation/ winding up the preference shareholder shall have priority over ordinary shareholders to the extent of par value of preference shares held less dividends paid on preference shares or 3% of net assets which ever is lower, whereas in case of change of management control the preference shareholder shall have priority over ordinary shareholders to the extent of par value of preference shares held less dividends paid on such shares up to the date of manageemnt control changes or 10% of net assets which ever is lower.

Accordingly, the Company has treated the advance against issue of preference shares as equity for the purpose of computation of NCB and LCB as at December 31, 2022.

		Note	2022	2021
18	**RETIREMENT BENEFIT OBLIGATIONS**		---------- Rupees ----------	
	Unfunded gratuity scheme	18.1.3	25,242,710	19,534,312

18.1 Defined benefit plan - employees' gratuity scheme (unfunded)

As mentioned in note 3.3.1, the Company re-introduced an unfunded gratuity scheme for its employees during the year ended December 31, 2020. Under the service rules, eligible employees are entitled to gratuity after five years of service and thereafter the amount depends on the number of years of service completed by them. The latest actuarial valuation of the scheme was carried out as at December 31, 2022 using the Projected Unit Credit method.

18.1.1 The gratuity scheme exposes the Company to the following risks:

Mortality risks

This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks

This is the risk that the final salary at the time of cessation of service is greater than what was assumed.

Withdrawal risks

This is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

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Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities.

18.1.2 Principal actuarial assumptions

The following significant assumptions have been used for valuation of this scheme:

	2022	2021
	Rate per annum	
Discount rate	13.25%	11.75%
Expected rate of increase in salary	12.25%	10.75%
Mortality rate	SLIC 2001-05	SLIC 2001-05

	Note	2022	2021
		---------- Rupees ----------	
18.1.3 Amount recognised in the statement of financial position			
Present value of defined benefit obligation	18.1.6	25,242,710	19,534,312
18.1.4 Amount recognised in the statement of profit or loss			
Current service cost		2,352,393	2,126,199
Interest cost		2,282,660	1,486,391
		4,635,053	3,612,590
18.1.5 Remeasurement loss recognised in the statement of profit or loss and other comprehensive income			
Actuarial loss from changes in financial assumptions		172,309	181,478
Experience adjustments		1,115,880	962,165
		1,288,189	1,143,643
18.1.6 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation - opening balance		19,534,312	15,712,000
Current service cost		2,352,393	2,126,199
Interest cost		2,282,660	1,486,391
Remeasurement loss			
- due to changes in financial assumptions		172,309	181,478
- due to changes in experience adjustments		1,115,880	962,165
		1,288,189	1,143,643
Benefits paid		(214,844)	(933,921)
Present value of defined benefit obligation - closing balance		25,242,710	19,534,312

18.1.7 Sensitivity analysis:

The impact of 1% change in the following variables on defined benefit obligation is as follows:

		As at December 31, 2022		As at December 31, 2021	
		Impact on defined benefit obligation		Impact on defined benefit obligation	
	Change in assumption	(Decrease) / (increase) in present value of defined benefit obligation		(Decrease) / (increase) in present value of defined benefit obligation	
		%	Amount (Rupees)	%	Amount (Rupees)
Discount rate	+1%	-2.56%	(645,796)	-2.57%	(501,156)
	-1%	2.72%	686,461	2.73%	532,904
Long term salary increase rate	+1%	3.16%	797,615	3.18%	620,615
	-1%	-3.02%	(763,083)	-3.04%	(593,670)

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The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

18.1.8 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 5.671 million in the financial statements in respect of the unfunded gratuity scheme for the year ending December 31, 2023.

18.1.9 The weighted average duration of defined benefit obligation is 3 years.

18.1.10 Expected maturity analysis of undiscounted obligation

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees				
Undiscounted payments	7,931,227	6,982,416	17,126,398	28,178,834	60,218,875

18.1.11 The information provided in notes 18.1.1 to 18.1.10 has been obtained from the details provided by the actuary of the Company.

19 **LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS**	2022	2021
	Rupees	
Lease liability against right-of-use asset - building	-	44,290
Lease liability against right-of-use asset - motor vehicles	10,963,705	2,571,161
	10,963,705	2,615,451
Less: current portion	(1,939,609)	(733,138)
	9,024,096	1,882,313

19.1 The movement in lease liabilities against right-of-use assets is as follows:

	Note	2022	2021
		Rupees	
Opening balance		2,615,451	538,473
Additions during the year			
- motor vehicles	4	14,646,000	3,735,000
Interest expense for the year		1,097,788	147,616
Payments made during the year		(7,395,534)	(1,805,638)
Closing balance		10,963,705	2,615,451

19.2 Amounts recognised in the statement of profit or loss

	2022	2021
Interest expense on lease liabilities	1,097,788	147,616
Expense relating to short-term leases (included in administrative and operating expenses)	7,805,331	6,916,365
Total amount recognised in profit or loss	8,903,119	7,063,981

19.3 Cash outflow for leases

The Company has total cash outflows for leases amounting to Rs. 7.396 million (2021: Rs. 1.806 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 14.646 million (2021: Rs. 3.735 million). The future cash outflows relating to leases that have not yet commenced are disclosed in note 32.4 to these financial statements.

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		Note	2022	2021
			---------------- Rupees ----------------	
20	**TRADE AND OTHER PAYABLES**			
	Payable against sale of marketable securities	20.1	420,285,930	860,105,088
	Payable against profit on unutilised funds	20.2	3,091,485	9,194,715
	Payable to related party	20.3	11,232,363	11,461,919
	Accrued expenses	20.4	31,118,937	25,924,360
	Provision for leave encashment	20.5	8,000,136	7,601,773
	Commission payable		6,237,064	7,659,548
	Withholding tax payable		2,107,504	5,433,491
	Other payables	20.6	25,856,126	39,468,243
			507,929,545	966,849,137

20.1 This includes amounts due to related parties and key management personnel amounting to Rs. 7.136 million and Rs. 0.006 million (2021: Rs. 6.293 million and Rs. 0.117 million) respectively.

20.2 This includes profit payable to related parties amounting to Rs. 0.066 million (2021: Rs. 0.389 million).

20.3 This represents amount payable under Group Shared Services (GSS) agreement on account of sharing of common expenses.

20.4 This includes penalty imposed by the Securities and Exchange Commission of Pakistan (the SECP) amounting to Rs 350,000. In 2020, the SECP issued a Show Cause Notice No. 1(181)SMD/ADJ-1/KHI/2019 (the Show Cause Notice) dated January 7, 2020 to the Company in violation of Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018. An Order was passed on March 9, 2020 imposing the aforementioned penalty on the Company. The Company, being aggrieved by the Order, filed a review application under section 32B(1) of the SECP Act, 1997 to the Learned Executive Director, Adjudication Division (AD-1) and appealed to the Commission to reduce / waive off the penalty amount. The appeal is pending adjudication.

		2022	2021
		---------------- Rupees ----------------	
20.5	Movement in provision for leave encashment is as follows:		
	Opening	7,601,773	2,445,817
	Expense for the year	654,900	6,021,539
	Less: payment made during the year	(256,537)	(865,583)
	Closing	8,000,136	7,601,773

20.6 This includes insurance expense payable to a related party amounting to Rs. 0.491 million (2021: Rs. 2.0 million).

21 CONTINGENCIES AND COMMITMENTS

21.1 During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to the Tax Year 2010 were concluded by the Deputy Commissioner Inland Revenue (DCIR) which led to an eventual tax demand of Rs. 6.672 million. The DCIR disallowed certain expenses claimed by the Company as well as claim of exempt capital gain on sale of listed securities, treated certain trade debtors as trade creditors and treated the difference between the amount of salaries as per the annual statement filed under section 165 of the Income Tax Ordinance, 2001 and that disclosed in the financial statements as unexplained expenditure. The Company had filed an appeal with the Commissioner Inland Revenue (Appeals) (CIR(A)) against the said demand which was heard by the Commissioner. During the year ended June 30, 2014, the Commissioner passed an order under which the Company had been allowed certain expenses which were disallowed by DCIR in earlier assessment. DCIR had filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the said order. The management also filed a second appeal before ATIR. During the year ended June 30, 2017, ATIR in its Order dated May 31, 2017 had remanded back the matter to DCIR, with a direction to ascertain the true facts of the disallowed matters, rejected the appeal of the tax department and upheld the findings of CIR(A). The findings of CIR(A) included remanding back the matter to DCIR of treating certain trade debtors as trade creditors and of treating the difference in the amount of salaries as unexplained expenditure and allowing appeal of the Company that it was not heard by the DCIR before disallowance of the expenses. The Company has submitted an application to the Deputy Commissioner Inland Revenue to give the appeal effect of these matters at the earliest. The management based on its legal advisor opinion, is confident of a favourable outcome of the petition.

21.2 During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against the Company in the Sindh High Court (SHC) for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, the Company had filed a counter affidavit against the application filed by the Complainant to seek an interim order. During the financial year ended June 30, 2013, the Company filed a written Statement in this lawsuit, while the Plaintiff has filed a rejoinder to the counter affidavit filed by the Company. The Company has also filed a lawsuit against the same brokerage house and an ex-official of the Company in the Sindh High Court to recover the outstanding balance appearing in the Company's books of account before provision. The court has issued notices to the defendants. Both the management and the legal counsel are of the view that there is a reasonable probability of the Company's success in both lawsuits.

21.3 During the financial year ended June 30, 2010, one of the customers of the Company filed a lawsuit against the Company before the Sindh High Court for the recovery of Rs. 3.5 million along with damages of Rs. 100 million. The aforementioned lawsuit is counterblast to the Company's suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honorable Sindh High Court at Karachi, on the Company's civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. Both the management and the legal counsel are of the view that there is a reasonable probability of the Company's success in both lawsuits.

21.4 During the financial year ended June 30, 2010, one of the customers of the Company had filed a lawsuit against the Company in the Court of Senior Civil Judge Karachi, South for the recovery of Rs. 12.6 million along with mark-up thereon. The said lawsuit is counterblast to the Company's suit for recovery of money, declaration and permanent injunction for recovery of Rs. 3.3 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2009 before the Sindh High Court. Both the management and the legal counsel are of the view that there is a reasonable probability of the Company's success in both lawsuits.

21.5 During the year ended June 30, 2009, a brokerage house filed suit before the Honorable Civil Judge, Lahore for declaration and permanent injunction against the Company. The brokerage house filed a contempt petition and a petition under section 33 of the Arbitration Act against the Company before the Honorable Civil Judge, Lahore. Furthermore the brokerage house also filed a civil revision before the Honorable Lahore High Court, Lahore Bench against an order passed by the learned Civil Judge wherein the learned Civil Judge was pleased to dismiss the temporary injunction granted to the brokerage house, the said order was also affirmed in appeal. Further, the Company has filed a suit for recovery for Rs. 53.062 million along with liquidated damages and a petition before National Accountability Bureau (NAB) against the brokerage house. Both the management and legal counsel are of the view that there is a reasonable probability of Company's success in the lawsuit.

21.6 There were no material commitments as at December 31, 2022 and December 31, 2021.

		Note	2022	2021
			Rupees	
22	**OPERATING REVENUE**			
	Brokerage from equity operations	22.1	116,252,029	282,169,335
	Brokerage from commodity operations		5,702,827	4,947,107
			121,954,856	287,116,442
22.1	**Brokerage from equity operations**			
	Retail		104,515,170	250,011,061
	Institution		11,736,859	32,158,274
			116,252,029	282,169,335
23	**OTHER OPERATING REVENUE**			
	Profit on savings accounts	23.1	49,194,121	24,854,077
	Income on exposure deposits with NCCPL / Pakistan Stock Exchange Limited		9,517,454	8,583,910
	Dividend income		6,498	320,590
	CDC conversion charges and commission		4,329,848	4,813,183
	Income from MTS exposure		152,922	21,141
	Income on Base Minimum Capital deposit		2,007,287	677,207
			65,208,130	39,270,108

		Note	2022	2021
			Rupees	
23.1	**Profit on savings accounts**			
	Gross profit (including profit on unutilised funds of clients)		57,442,018	30,878,692
	Profit on unutilised funds of clients		(8,247,897)	(6,024,615)
	Net profit		49,194,121	24,854,077

		Note	2022	2021
24	**ADMINISTRATIVE AND OPERATING EXPENSES**			
	Employee benefit cost	24.2	103,587,544	107,959,734
	Staff training		479,000	380,370
	Commission expense		15,624,326	46,412,916
	Insurance		1,050,286	3,084,233
	Repairs and maintenance		3,119,696	1,981,836
	Auditors' remuneration	24.3	1,642,289	3,099,189
	Rent and rates		7,805,331	6,916,365
	Legal and professional charges		9,678,709	6,197,744
	Printing and stationery		921,361	1,114,810
	Postage and telephone		2,322,055	2,104,873
	Travelling and conveyance		285,278	259,781
	IT related expenses		13,504,825	11,054,072
	Utilities		1,995,964	2,276,016
	Fees and subscription including stock exchange, clearing house and CDC charges		9,926,659	17,372,795
	Marketing		390,772	351,996
	Entertainment		1,157,306	926,931
	Depreciation	4	6,176,725	6,109,425
	Amortisation	5	589,370	585,418
	Bad debts written off		-	1,363,506
	Others		2,574,715	4,748,881
			182,832,211	224,300,891

24.1 Certain common expenses (including salaries, allowances and other benefits, staff training, rentals, utilities, repair and maintenance and IT related expenses) are charged to the Company, which are shown under respective administrative and operating expenses accounts, in accordance with the Group Shared Services (GSS) Cost Allocation Review Memorandum, between the Company and the Holding Company. During the year, an amount of Rs. 11.41 million (2021: Rs. 8.18 million) was charged in respect of common expenses.

		Note	2022	2021
			Rupees	
24.2	**Employee benefit cost**			
	Salaries, allowances and other benefits		98,952,491	104,347,144
	Charge for post employment benefits	18.1.4	4,635,053	3,612,590
			103,587,544	107,959,734
24.3	**Auditors' remuneration**			
	Audit fee		950,000	650,000
	Special certifications and other services		350,000	2,116,606
	Out of pocket expenses		342,289	332,583
			1,642,289	3,099,189
25	**FINANCIAL CHARGES**			
	Bank charges		716,437	558,505
	Financial charges on lease liability against right-of-use assets		1,097,788	147,616
			1,814,225	706,121
26	**OTHER INCOME**			
	Gain / (loss) on disposal of property and equipment		7,754,437	(3,126)
	Others		26,576	4,619
			7,781,013	1,493

27 NUMBER OF EMPLOYEES

	2022	2021
Number of employees at the end of the year	51	58
Average number of employees during the year	54	54

28 TAXATION

	Note	2022	2021
		---- Rupees ----	
Current tax			
Current year		3,303,668	27,833,864
Prior year		(1,855,351)	(7,812,454)
		1,448,317	20,021,410
Deferred tax			
Current year		(724,593)	3,145,881
Prior year		-	9,295,853
		(724,593)	12,441,734
	28.1	723,724	32,463,144

28.1 Relationship between tax and accounting profit

	2022	2021
Accounting profit before tax	10,297,563	101,381,031
Tax rate (%)	29	29
Tax at enacted tax rate	2,986,293	29,400,499
Tax effect of income subject to minimum tax regime	(1,169,978)	590,491
Tax effect of adjustments in respect of prior year	(1,855,351)	1,483,399
Others	762,759	988,755
	723,724	32,463,144

29 EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2022	2021
Profit for the year (Rupees)		9,573,839	68,917,887
Weighted average number of ordinary shares outstanding		52,000,000	52,000,000
Earnings per share (Rupees)	29.1	0.18	1.33

29.1 There were no convertible dilutive potential ordinary shares in issue as at December 31, 2022 and December 31, 2021.

30 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	2022			2021		
	Chief Executive Officer	Director	Other Executives	Chief Executive Officer	Directors	Other Executives
	---- Rupees ----					
Managerial remuneration	8,790,606	4,136,004	12,266,748	7,644,006	4,540,299	10,161,380
Reimbursements / other allowances	1,726,130	776,485	3,715,987	562,036	234,133	862,688
Bonus	805,805	284,350	1,686,677	8,758,750	2,585,000	6,593,774
Housing	3,955,770	1,861,200	5,520,048	3,439,800	2,043,135	4,572,636
Utilities	1,758,114	827,196	2,453,328	1,528,794	908,052	2,032,280
Commission	-	-	452,875	-	368,443	1,013,492
Post-employement benefits	879,061	413,600	1,226,675	764,401	454,030	1,016,138
	17,915,486	8,298,835	27,322,338	22,697,787	11,133,092	26,252,388
Number of persons	1	1	6	1	2	6

* A portion of the remuneration of the CEO is charged to the Holding Company under Group Shared Services (GSS) agreement. During the year, an amount of Rs. 5.433 million was charged to the Holding Company in this respect.

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30.1 The Chief Executive Officer and certain executives of the Company are provided with free use of Company owned and maintained vehicles.

30.2 Two of the directors do not take any remuneration from the Company.

31 RELATED PARTY TRANSACTIONS

The Company has related party relationships with its Holding Company, associated undertakings, directors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly.

The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those as disclosed in notes 9.1, 9.2.1, 13.1, 20.1, 20.2, 20.3, 20.6 and 24.1 are as follows:

	2022			2021		
	Holding Company	Key management personnel	Other related parties and associates	Holding Company	Key management personnel	Other related parties and associates
Nature of transactions	Rupees					
Purchase of marketable securities for and on behalf of	-	144,692,737	1,734,473,631	-	381,209,400	1,155,746,312
Sale of marketable securities for and on behalf of	-	146,077,182	91,212,675	-	382,220,597	109,640,993
Brokerage income earned	-	414,644	2,844,873	-	1,190,333	1,982,991
Insurance expense paid	-	-	3,038,050	-	-	2,434,236
Reimbursement of expenses	-	-	2,382,746	-	-	4,176,116
GSS reimbursements from	11,410,265	-	2,049,002	8,184,448	-	2,121,771
GSS reimbursements to	410,711	-	8,996,171	-	-	7,620,638
Rent expense	-	-	7,153,328	-	-	6,428,819

The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 93.954 million (2021: Rs. 149.341 million).

Particulars relating to the remuneration of the Chief Executive Officer and Directors who are key management personnel are disclosed in note 30 to these financial statements.

31.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship	Aggregate % of shareholding
1	IGI Holdings Limited	Holding Company	100%
2	IGI General Insurance Limited	Associate	N/A
3	IGI Life Insurance Limited	Associate	N/A
4	IGI Investments (Pvt.) Limited	Associate	N/A
5	Perwin Babar Ali	Other related party	N/A
6	Syed Babar Ali	Other related party	N/A
7	Syed Hyder Ali	Other related party	N/A
8	Syeda Henna Babar Ali	Other related party	N/A
9	Chaudhry Tahir Masaud	Other related party	N/A
10	Shamim Ahmed Khan	Other related party	N/A
11	Amina Hyder Ali	Other related party	N/A
12	Packages Limited	Other related party	N/A
13	Bulleh Shah Packaging (Private) Limited	Other related party	N/A
14	Abdul Wahab Mehdi	Chairman	N/A
15	Syed Raza Hussain Rizvi	Chief Executive Officer	N/A
16	Faisal Jawed Khan	Director	N/A
17	Iqra Sajjad	Director	N/A

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32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

32.1 Financial instruments by category

	2022		
	At amortised cost	At fair value through other comprehensive income	Total
Financial assets	---------- Rupees ----------		
Non-current assets			
Investments	-	12,951,860	12,951,860
Long term deposits	21,129,664	-	21,129,664
	21,129,664	12,951,860	34,081,524
Current assets			
Trade receivables - net	34,866,680	-	34,866,680
Advances	267,904	-	267,904
Deposits	90,325,717	-	90,325,717
Accrued mark-up - net	7,277,280	-	7,277,280
Other receivables	3,826,871	-	3,826,871
Bank balances	528,387,600	-	528,387,600
	664,952,052	-	664,952,052
	686,081,716	12,951,860	699,033,576

	2022	
	At amortised cost	Total
Financial liabilities	---------- Rupees ----------	
Trade and other payables	505,771,554	505,771,554
Lease liabilities against right-of-use assets	10,963,705	10,963,705
	516,735,259	516,735,259

	2021		
	At amortised cost	At fair value through other comprehensive income	Total
Financial assets	---------- Rupees ----------		
Non-current assets			
Investments	-	22,040,204	22,040,204
Long term deposits	21,629,664	-	21,629,664
	21,629,664	22,040,204	43,669,868
Current assets			
Trade receivables - net	67,044,429	-	67,044,429
Advances	291,905	-	291,905
Deposits	204,929,166	-	204,929,166
Accrued mark-up - net	3,498,293	-	3,498,293
Other receivables	8,927,505	-	8,927,505
Bank balances	835,845,543	-	835,845,543
	1,120,536,841	-	1,120,536,841
	1,142,166,505	22,040,204	1,164,206,709

	2021	
	At amortised cost	Total
Financial liabilities	---------- Rupees ----------	
Trade and other payables	964,006,409	964,006,409
Lease liability against right-of-use assets	2,615,451	2,615,451
	966,621,860	966,621,860

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32.2 Financial risk management

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

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

32.3 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 issuer of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from long-term deposits, trade receivables, advances, deposits, accrued mark-up, other receivables and bank balances. 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 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. Except for provision made against trade debts amounting to Rs. 579.311 million (refer note 9.2), provision against accrued mark-up amounting to Rs. 82.388 million (refer note 12.1) and provision against other receivables amounting to Rs. 39.805 million (refer note 13.3), the Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
	Rupees	
Long term deposits	21,129,664	21,629,664
Trade receivables - net	34,866,680	67,044,429
Advances	267,904	291,905
Deposits	90,325,717	204,929,166
Accrued mark-up - net	7,277,280	3,498,293
Other receivables	3,826,871	8,927,505
Bank balances	528,387,600	835,845,543
	686,081,716	1,142,166,505

32.3.1 The aging for trade receivables, accrued mark-up and other receivables at the reporting date is as follows:

	2022			2021		
	Gross	Provision	Net	Gross	Provision	Net
	Rupees					
Past due 1 day - 30 days	19,990,832	-	19,990,832	48,572,388	-	48,572,388
Past due 31 days - 60 days	916,531	-	916,531	581,730	-	581,730
Past due 61 days - 90 days	1,072,004	-	1,072,004	446,500	-	446,500
More than 90 days	725,495,481	(701,504,017)	23,991,464	731,373,626	(701,504,017)	29,869,609
	747,474,848	(701,504,017)	45,970,831	780,974,244	(701,504,017)	79,470,227

The provisions in respect of above receivables have been made on debt amount exceeding the custody of equity securities held by the Company.

32.3.2 The aging for trade receivables and other receivables from related parties at the reporting date is as follows:

	2022			2021		
	Gross	Provision	Net	Gross	Provision	Net
	----- Rupees -----					
Trade receivables						
Past due 1 day - 30 days	60,570	-	60,570	9,195,079	-	9,195,079
Past due 31 days - 60 days	271	-	271	-	-	-
Past due 61 days - 90 days	-	-	-	452	-	452
More than 90 days	4,506,523	(4,403,785)	102,738	4,477,531	(4,403,785)	73,746
	4,567,364	(4,403,785)	163,579	13,673,062	(4,403,785)	9,269,277
Other receivables						
Past due 1 day - 30 days	471,999	-	471,999	1,214,842	-	1,214,842
Past due 31 days - 60 days	326,290	-	326,290	1,617,345	-	1,617,345
Past due 61 days - 90 days	256,417	-	256,417	328,416	-	328,416
More than 90 days	1,783,352	-	1,783,352	4,164,393	-	4,164,393
	2,838,058	-	2,838,058	7,324,996	-	7,324,996

32.3.3 Bank balances

The analysis below summarises the credit quality of the Company's bank balances:

	2022	2021
	----- Rupees -----	
AAA	294,662,913	591,051,954
AA+	358,502	706,819
AA-	233,076,288	243,822,205
Unrated	289,897	264,565
	528,387,600	835,845,543

32.3.4 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of the industrial sector analysis of the trade receivables are as follows:

	2022		2021	
	Rupees	Percentage	Rupees	Percentage
Services (including insurance)	2,549,745	9.42%	662,986	1.82%
Banking, capital market and financial institutions	3,867,551	14.29%	3,275,374	9.00%
Individuals	20,641,356	76.29%	32,441,910	89.18%
	27,058,652	100.00%	36,380,270	100.00%

32.4 Liquidity risk

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

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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Financial liabilities	2022 Carrying amount	2022 Contractual cash flows	2022 Upto three months	2022 More than three months and upto one year	2022 More than one year
	Rupees				
Trade and other payables	505,771,554	505,771,554	505,771,554	-	-
Lease liability against right-of-use assets	10,963,705	15,678,660	933,156	2,799,468	11,946,036
	516,735,259	521,450,214	506,704,710	2,799,468	11,946,036

Financial liabilities	2021 Carrying amount	2021 Contractual cash flows	2021 Upto three months	2021 More than three months and upto one year	2021 More than one year
	Rupees				
Trade and other payables	964,006,409	964,006,409	964,006,409	-	-
Lease liability against right-of-use assets	2,615,451	3,144,106	216,502	516,636	2,410,968
	966,621,860	967,150,515	964,222,911	516,636	2,410,968

On the reporting date, the Company has bank balances of Rs. 528.388 million (2021: Rs. 835.846 million) as mentioned in note 14 to these financial statements.

32.5 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. The management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

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

32.5.1 Currency risk

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. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

32.5.2 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. The Company's interest rate exposure arises from bank balances in savings accounts.

At the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments is:

Financial assets	Effective interest rate 2022	Effective interest rate 2021	Carrying amount 2022	Carrying amount 2021
	Percentage		Rupees	
Exposure deposits with National Clearing Company of Pakistan Limited / Pakistan Stock Exchange Limited	10	5	84,615,690	198,745,690
Base minimum capital deposit with Pakistan Stock Exchange Limited	12.5	7.25	17,775,000	17,275,000
Bank balances in savings accounts	7 to 15.5	2.76 to 8.25	497,820,771	812,371,900
Total			600,211,461	1,028,392,590

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The management of the Company estimates that a 1% decrease in the market interest rate, with all factors remaining constant, would decrease the Company's profit before tax by Rs. 6.002 million (2021: Rs. 10.284 million) and a 1% increase would result in an increase in the Company's profit before tax by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

32.5.3 Price risk

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

The Company is exposed to price risks because of investments held by the Company in shares of Pakistan Stock Exchange. In case of 1% increase / decrease in the market price of the shares held, the other comprehensive income of the Company would be higher / lower by approximately Rs. 0.130 million (2021: Rs. 0.220 million).

32.6 Operational risk

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

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

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

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

33 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

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

As at December 31, 2022 and December 31, 2021, the Company held the following financial instruments measured at fair values:

	2022		
	Level 1	Level 2	Level 3
	Rupees		
Financial assets			
- At fair value through other comprehensive income	12,951,860	-	-

	2022		
	Level 1	Level 2	Level 3
	Rupees		
Financial assets			
- At fair value through other comprehensive income	22,040,204	-	-

34 CAPITAL RISK MANAGEMENT

34.1 The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital. Net capital requirements of the Company are set and regulated by the Pakistan Stock Exchange Limited. These requirements are put into place to ensure sufficient solvency margins and are based on excess of current assets over liabilities as presented below.

NET CAPITAL BALANCE	Note	2022	2021
		Rupees	
Current assets			
Cash in hand		-	-
Cash deposit as margin with Pakistan Stock Exchange	34.1.1	84,510,690	198,720,690
Cash at bank:	34.1.2		
Bank balance pertaining to brokerage house		107,247,309	68,209,297
Bank balance pertaining to clients		421,140,291	767,636,246
Total bank balances		528,387,600	835,845,543
Trade receivables:	34.1.3		
Total receivables		27,058,652	36,309,224
Outstanding for more than fourteen days		(22,055,782)	(20,754,952)
Balance generated within fourteen days and not yet due		5,002,870	15,554,272
Investments in listed securities in the name of broker		-	-
(Securities on the exposure list marked to market less 15% discount)			
Securities purchased for client		-	-
Listed TFCs / Corporate bonds (Marked to market less 10% discount)		-	-
FIBs (Marked to market less 10% discount)		-	-
Treasury bill (at market value)		-	-
		617,901,160	1,050,120,505
Current liabilities			
Trade payables:	34.1.4		
Book value		420,285,930	860,105,088
Less: overdue for more than 30 days		(207,267,273)	(249,562,148)
		213,018,657	610,542,940
Other liabilities (including trade payables overdue for more than 30 days)	34.1.5	289,042,469	326,375,176
		502,061,126	936,918,116
Net capital balance		115,840,034	113,202,388

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	Note	2022	2021
		---------------- Rupees --------------	
34.1.1 Cash deposit as margin with Pakistan Stock Exchange Limited (PSX)			
Deposit with PSX - ready exposure		66,350,000	143,050,000
Deposit with PSX - future exposure		16,980,000	54,490,000
Deposit with PSX - MTS exposure		1,180,690	1,180,690
		84,510,690	198,720,690

34.1.2 Cash at bank

	Note	2022	2021
Bank balances pertaining to brokerage house			
- current accounts - non interest bearing		2,918,765	10,793,252
- savings accounts		104,328,544	57,416,045
		107,247,309	68,209,297
Bank balances pertaining to clients			
- current accounts - non interest bearing		27,648,064	12,680,391
- savings accounts		393,492,227	754,955,855
		421,140,291	767,636,246
Total cash at bank		528,387,600	835,845,543

34.1.3 Trade receivables

	Note	2022	2021
Considered good			
Receivable from clients against purchase of marketable securities		12,587,405	21,872,834
Considered doubtful			
Receivable from clients against purchase of marketable securities		593,747,588	593,747,588
Provision for doubtful receivables	34.1.3.1	(579,311,198)	(579,311,198)
		14,436,390	14,436,390
		27,023,795	36,309,224

34.1.3.1 Provision against doubtful receivables has been made after considering the market value of listed equity securities held in custody by the Company against respective customers accounts.

	2022	2021
	---------------- Rupees --------------	
34.1.4 Trade and other payables		
Trade payables over due within 30 days	213,018,657	610,542,940
Trade payables over due for more than 30 days	207,267,273	249,562,148
	420,285,930	860,105,088

34.1.5 Other liabilities essentially include payable against profit on unutilised funds, accrued expenses, withholding tax payable, provision for leave encashment, provision for bonus and other payables.

34.2 The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company finances its operations through equity including advance against preference shares and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

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35 LIQUID CAPITAL BALANCE

S. No.	Head of account	Value in Pak Rupees	Hair cut / adjustments	Net adjusted value
		Rupees		Rupees
	1. Assets			
1.1	Property & equipment	31,609,998	100%	-
1.2	Intangible assets	15,529,186	100%	-
1.3	Investment in government 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.	-	5%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.5%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.5%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15%	-
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)	12,951,860	100%	-
	ii. If unlisted, 100% of carrying value.	-	100%	-
1.6	Investment in subsidiaries	-	100%	-
1.7	**Investment in associated companies / undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100%	-
	Statutory or regulatory deposits / basic deposits with the exchanges, clearing house or central depository or any other entity.			
1.8	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.	24,706,304	100%	1,290,475
1.9	Margin deposits with exchange and clearing house.	84,510,690	-	84,510,690
1.10	Deposit with authorised intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	4,194,761	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	7,277,280	-	7,277,280
	100% in respect of mark-up accrued on loans to directors, subsidiaries and other related parties	-	100%	-
1.13	Dividends receivable	-	-	-
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 receivables**			
	(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.	63,941,878	-	63,941,878
	(iii) In all other cases, 100% of net value.	6,635,782	100%	-

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S. No.	Head of account	Value in Pak Rupees Rupees	Hair cut / adjustments	Net adjusted value Rupees
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.	7,808,028	-	7,808,028
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 finance (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.	-	5%	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract; iii. Net amount after deducting haircut.	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value; iv. Balance sheet value.	3,825,925	-	3,825,925
	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.	4,467,269	619,263,429	4,467,269
	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.	163,579	100%	-
1.18	**Cash and bank balances**			
	i. bank balance - proprietary accounts	107,247,309	-	107,247,309
	ii. bank balance - customer accounts	421,140,291	-	421,140,291
	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 allotted or are not included in the investments of securities broker.	-	-	-
	(ii) In case of Investment in IPO where shares have been allotted 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**	**796,010,140**		**701,509,145**

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S. No.	Head of account	Value in Pak Rupees	Hair cut / adjustments	Net adjusted value
		Rupees		Rupees
	2. Liabilities			
2.1	**Trade payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	420,285,930	-	420,285,930
2.2	**Current liabilities**			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	87,643,615	-	87,643,615
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	1,939,609	-	1,939,609
	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	9,024,096	100%	-
	ii. Other liabilities as per accounting principles and included in the financial statements	25,242,710	-	25,242,710
	iii. Staff retirement benefits	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	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 authorised share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	**Total liabilities**	**544,135,960**		**535,111,864**
3	**Ranking liabilities relating to:**			
3.1	**Concentration in margin financing** The amount calculated client-to-client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances. (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 securities lending and borrowing** The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)	-	-	-

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S.No.	Head of account	Value in Pak Rupees	Hair cut / adjustments	Net adjusted value
		Rupees		Rupees
3.3	**Net underwriting commitments** (a) in the case of right issues: if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting 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) exceeds the total liabilities of the subsidiary.	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions** 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency.	-	-	-
3.6	Amount payable under REPO	-	-	-
3.7	**Repo adjustment** In the case of financier / purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee / seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	**Concentrated proprietary positions** If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security.	-	-	-
3.9	**Opening positions in futures and options** i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral / pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	**Short sell positions** i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total ranking liabilities**	-		-
		251,874,180	Liquid Capital	166,397,281

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36	CAPITAL ADEQUACY LEVEL	Note	2022	2021
			---------------- Rupees --------------	
	Total assets	36.1	860,469,577	1,308,261,635
	Less: Total liabilities		(544,135,960)	(988,998,900)
	Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
	Capital Adequacy Level		316,333,617	319,262,735

36.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate is considered, which was determined as Nil, for IGI Finex Securities Limited as at December 31, 2022 by Pakistan Stock Exchange Limited.

37 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

a) The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain losses if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

b) The Company enters into security transactions on behalf of its customers involving future settlement. The Company has entered into transactions that gives rise to future settlement, the unsettled amount as on December 31, 2022 of these future transactions is Rs. 11.919 million (2021: Rs. 91.636 million). Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The credit risk for these transactions is limited to the unrealised market valuation losses which have been recorded in the statement of accounts of the customers. As explained above, credit risk is controlled through a variety of reporting and controls procedures.

38 GENERAL

38.1 Date of authorisation

These financial statements were authorised for issue on 2 6 APR 2023 by the Board of Directors of the Company.

38.2 Figures have been rounded off to the nearest Rupees, unless otherwise stated.

38.3 Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purpose of better presentation. There were no material reclassifications during the year.

CHIEF EXECUTIVE OFFICER

DIRECTOR