

SUMMIT CAPITAL (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUMMIT CAPITAL (PRIVATE) LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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



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.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Future Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statements of financial position was prepared.

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The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

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Baker Tilly Mehmoed Idrees Qamar
Chartered Accountants

Karachi

Date: February 22, 2023

UDIN: AR202210151YxvXk920y

SUMMIT CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
Note	----- (Rupees in '000) -----	
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5 28,290	32,579
Intangible assets	6 2,529	2,541
Long term advances	7 2,500	2,500
Long term investment	8 40,243	33,686
Investment property	9 17,771	18,134
Long term deposits	10 1,673	3,165
Deferred tax asset - net	11 9,338	5,840
	102,344	98,445
CURRENT ASSETS		
Debtors	12 32,081	44,548
Short term loans	13 1,041	737
Short term deposits, prepayments and other receivables	14 31,212	49,025
Advance tax - net	37,328	34,706
Cash and bank balances	15 58,298	60,875
	159,960	189,891
	<u>262,304</u>	<u>288,336</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital	500,000	500,000
50,000,000 Ordinary shares of Rs.10 each		
Issued, subscribed and paid-up share capital	16 300,000	300,000
Unrealized gain on revaluation of investment	5,911	17,375
Accumulated losses	(118,873)	(102,246)
	187,038	215,129
CURRENT LIABILITIES		
Creditors and other payables	17 74,919	73,077
Deposit - Rent	130	130
Accrued markup	217	-
	75,266	73,207
	<u>262,304</u>	<u>288,336</u>
CONTINGENCIES AND COMMITMENTS		
	18	

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer


Director

SUMMIT CAPITAL (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Note	----- (Rupees in '000) -----	-----
Brokerage commission	19 42,530	70,899
Gain on securities - net	367	-
Dividend income	3,038	2,901
Other income	20 21,511	7,891
	67,446	81,691
Operating and administrative expenses	21 (80,189)	(99,459)
Financial and other charges	22 (1,060)	(411)
	(81,249)	(99,870)
Loss before taxation	(13,803)	(18,179)
Taxation		
- Current	23 (4,189)	(6,462)
- Deferred	3,498	(226)
	(691)	(6,688)
Loss after taxation	(14,494)	(24,867)
Loss per share - basic and diluted	24 (0.48)	(0.83)

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Loss after taxation		(14,494)	(24,867)
<u>Other comprehensive income</u>			
Items that will not to be reclassified subsequently to profit or loss			
Actuarial (loss) / gain on defined benefit plan	17.3.4	(2,133)	2,450
Unrealized loss on revaluation of investment		(11,464)	(1,715)
Total comprehensive loss for the year		<u><u>(28,091)</u></u>	<u><u>(24,132)</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up capital	Unrealized gain on revaluation of investments	Accumulated losses	Total
----- (Rupees in '000) -----				
Balance as at January 01, 2021	300,000	19,090	(79,829)	239,261
Loss for the year	-	-	(24,867)	(24,867)
Other Comprehensive Income / (loss)				
Actuarial gain on defined benefit plan	-	-	2,450	2,450
Unrealized loss on revaluation of investment	-	(1,715)	-	(1,715)
Total comprehensive loss for the year	-	(1,715)	(22,417)	(24,132)
Balance as at December 31, 2021	300,000	17,375	(102,246)	215,129
Loss for the year	-	-	(14,494)	(14,494)
Other Comprehensive Income / (loss)				
Actuarial loss on defined benefit plan	-	-	(2,133)	(2,133)
Unrealized loss on revaluation of investment	-	(11,464)	-	(11,464)
Total comprehensive loss for the year	-	(11,464)	(16,627)	(28,091)
Balance as at December 31, 2022	<u>300,000</u>	<u>5,911</u>	<u>(118,873)</u>	<u>187,038</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer



Director


SUMMIT CAPITAL (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(13,803)	(18,179)
Adjustments for non-cash items:		
Depreciation	5 & 9 1,336	2,205
Amortization	6 12	18
Provision / (reversal) for compensated absences	17.2 698	(125)
(Reversal) / provision for staff retirement gratuity	17.3.4 (1,885)	1,159
Interest income on staff loan	20 (79)	(84)
Gain on securities - net	(367)	-
Gain on disposal of property and equipment	(9,776)	(1,060)
Dividend income	(3,038)	(2,901)
Reversal of provision against doubtful debts	-	(1,289)
Financial charges	22 1,060	411
	(12,039)	(1,666)
Changes in working capital		
Decrease / (increase) in current assets		
Debtors	12,467	4,140
Short-term loans	(304)	40
Short-term deposits, prepayments and other receivables	17,813	14,381
Long term deposits	1,492	1
	31,468	18,562
Increase / (decrease) in current liabilities		
Creditors and other payables	3,089	(98,441)
Cash generated from / (used in) operations	8,715	(99,724)
Compensated absences paid	17.2 (1,945)	(724)
Income tax paid	(6,811)	(7,659)
Financial charges paid	(843)	(411)
Gratuity paid - net	17.3.4 (248)	1,291
Interest received on staff loan	79	84
Net cash used in operating activities	(1,053)	(107,143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of long / short term investments	(17,655)	-
Additions in property and equipment	(293)	(152)
Dividend received	3,038	2,901
Sale proceeds from disposal of property and equipment	13,386	1,800
Net cash (used in) / generated from investing activities	(1,524)	4,549
CASH FLOWS FROM FINANCING ACTIVITIES		
Running finance availed	40,721	99,998
Running finance repaid	(40,721)	(99,998)
Net cash generated from financing activities	-	-
Net decrease in cash and cash equivalents	(2,577)	(102,594)
Cash and cash equivalents at beginning of the year	60,875	163,469
Cash and cash equivalents at the end of the year	15 58,298	60,875

The annexed notes from 1 to 35 form an integral part of these financial statements.

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Chief Executive Officer


Director

SUMMIT CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 Summit Capital (Private) Limited (the Company) is a private limited company, incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984 (repealed by Company's Act 2017). The Company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the Company are equity brokerage, money market brokerage, interbank foreign exchange brokerage and commodity brokerage. The company is geographically located in the province of Sindh having its registered office situated at 701-702, 7th Floor, Business and Finance Centre, opposite State Bank of Pakistan, I.I. Chundrigar Road, Karachi. The Company is a wholly owned subsidiary of Summit Bank Limited.

1.2 The Company also operates through its branch offices having following addresses:

- Room no. 428, 4th Floor Stock Exchange Building, Stock Exchange Road, Karachi.
- 2nd Floor, Ajmal House, 27 Egerton Road, Lahore.
- Room no. 203, 2nd Floor, LSE Building, 19 Khayaban-e-Aiwan-e-Iqbal Road, Lahore.

2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for long term investments which are carried at fair value through other comprehensive income.

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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016. Where provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 shall prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

2.3 New and amended standards and interpretations

2.3.1 Standards, amendments to approved accounting standards effective in current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2022. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

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

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and Equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to the Statement of profit or loss as and when incurred. Depreciation is charged to the Statement of profit or loss over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 5 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount. Depreciation is charged from the month of purchase and no depreciation is charged in the month of disposal.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

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

Gains and losses on disposals, if any, of assets are included in the Statement of profit or loss.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of the asset on a systematic basis to the Statement of profit or loss applying the reducing balance method at the rate specified in note 6 to the financial statements. Amortization is charged from the month of purchase and no amortization is charged in the month of disposal.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

Intangible assets with indefinite useful lives are not amortized. Instead they are tested for impairment at each balance sheet date whether these are in excess of their recoverable amounts, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amount.

Cost associated with maintaining assets are recognized as an expense in the period in which these are incurred.

Gains and losses on disposals of assets, if any, are included in the Statement of profit or loss.

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3.3 Investment property

Property held for long-term rental yield, or for capital appreciation or both is classified as investment property.

This is stated at cost less accumulated depreciation and impairment, if any. Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Depreciation is charged to the Statement of profit or loss over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 9 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

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

Gains and losses on disposals of assets, if any, are included in the Statement of profit or loss.

3.4 Financial assets

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments.

Initial Measurement

The company classifies its financial assets into following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

i. Equity Instruments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

ii. Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the Statement of profit or loss.

iii. Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the the Statement of profit or loss.

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iv. De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.5 Financial liabilities

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

3.6 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

3.7 Creditors and other payables

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid.

3.8 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

3.9 Trade debtors and other receivables

Trade debtors and other receivables are carried at amortised cost, which is the fair value of the consideration to be received, less provision for doubtful debts using expected credit losses method.

3.10 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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

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3.11 Revenue recognition

- Brokerage, commission, consultancy and advisory fee are recognized as such services are rendered.
- Income from placements is recognized on time proportion basis.
- Fee on distribution of open end units is recognized as such services are rendered.
- Gain / (loss) on the sale of investment is included in the Statement of profit or loss in the period in which they arise.
- Mark-up income on government securities, return on bank deposits and balances and other revenues are recognized on accrual basis.
- Dividend income on equity investments is recognized when the right to receive the same is established.

3.12 Taxation

Current

Provision for taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the the Statement of profit or loss.

Deferred tax, if any, on revaluation of investments is recognized as an adjustment to surplus / deficit arising on revaluation.

3.13 Staff retirement benefits

Defined contribution plan

The Company operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Defined benefit plan

The Company has a staff gratuity fund for management employees as described in note 17.3. Provision is made annually in accordance with actuarial recommendations using the Projected Unit Credit method.

Actuarial gains or losses are recognized in other comprehensive income when they occur. Amounts recorded in the Statement of profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

3.14 Employee compensated absences

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees up to the balance sheet date.

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3.15 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

3.16 Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

3.17 Fiduciary assets

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

3.18 Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares, outstanding during the period.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	<u>Note</u>
- Provision for doubtful debts	3.10 & 12
- Classification of investments	3.4
- Useful lives of assets and methods of depreciation/amortisation	3.1, 3.2, 3.3 & 5, 6 & 9
- Deferred taxation	3.12 & 11
- Defined benefit plan	3.13 & 17.3

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5. PROPERTY AND EQUIPMENT

	Stock exchange rooms	Leasehold improvements	Furniture and fittings	Motor vehicles	Office equipment	Computer equipment	Electrical equipment	Total
----- (Rupees in '000) -----								
Year ended December 31, 2021								
Opening net book value	24,200	311	441	6,274	1,053	945	1,777	35,001
Additions	-	-	-	-	-	152	-	152
Disposals								
Cost	-	-	-	(2,442)	-	-	-	(2,442)
Accumulated depreciation	-	-	-	1,703	-	-	-	1,703
Depreciation charge	-	(31)	(44)	(739)	(105)	(300)	(178)	(739)
	-	(31)	(44)	(1,177)	(105)	(300)	(178)	(1,835)
Closing net book value	24,200	280	397	4,358	948	797	1,599	32,579
As at December 31, 2021								
Cost	24,200	1,240	1,638	18,731	4,308	17,218	6,396	73,731
Accumulated depreciation	-	(960)	(1,241)	(14,373)	(3,360)	(16,421)	(4,797)	(41,152)
Net book Value	24,200	280	397	4,358	948	797	1,599	32,579
Year ended December 31, 2022								
Opening net book value	24,200	280	397	4,358	948	797	1,599	32,579
Additions	-	-	-	-	-	84	209	293
Disposal								
Cost	-	-	(3)	(16,936)	(411)	(14,510)	(521)	(32,381)
Accumulated depreciation	-	-	3	13,625	343	14,397	404	28,772
Depreciation charge	-	(28)	(40)	(3,311)	(68)	(113)	(117)	(3,609)
	-	(28)	(40)	(411)	(91)	(236)	(167)	(973)
Closing net book value	24,200	252	357	636	789	532	1,524	28,290
As at December 31, 2022								
Cost	24,200	1,240	1,635	1,795	3,897	2,792	6,084	41,643
Accumulated depreciation	-	(988)	(1,278)	(1,159)	(3,108)	(2,260)	(4,560)	(13,353)
Net book Value	24,200	252	357	636	789	532	1,524	28,290
Rate of depreciation	-	10%	10%	20%	10%	30%	10%	10%

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6. INTANGIBLE ASSETS

	Computer software	Trading Rights Entitlement Certificate (TREC)	Total
	----- (Rupees in '000) -----		
As at December 31, 2020			
Cost	5,359	2,500	7,859
Accumulated amortization	(5,300)	-	(5,300)
Net book Value	59	2,500	2,559
Year ended December 31, 2021			
Opening net book value	59	2,500	2,559
Amortization charge	(18)	-	(18)
Closing net book value	41	2,500	2,541
As at December 31, 2021			
Cost	5,359	2,500	7,859
Accumulated amortization	(5,318)	-	(5,318)
Net book Value	41	2,500	2,541
Year ended December 31, 2022			
Opening net book value	41	2,500	2,541
Amortization charge	(12)	-	(12)
Closing net book value	29	2,500	2,529
As at December 31, 2022			
Cost	5,359	2,500	7,859
Accumulated amortization	(5,330)	-	(5,330)
Net book Value	29	2,500	2,529
Rate of amortisation	30%	-	

7. LONG TERM ADVANCES

Considered good - unsecured

Advance for office premises in Pakistan Mercantile Exchange Limited

	2022	2021
	----- (Rupees in '000) -----	
	2,500	2,500
	2,500	2,500

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8. LONG TERM INVESTMENT Measured at fair value through other comprehensive income (FVTOCI)	Note	2022		2021			
		----- (Rupees in '000) -----					
		Number of shares					
		2022	2021				
		Quoted securities					
		1,602,953	1,602,953	Pakistan Stock Exchange Limited	12,952	22,041	
		1,185,376	-	The Bank of Khyber	15,410	-	
		8,000	-	HBL Investment Fund - Class A	13	-	
		8,000	-	HBL Investment Fund - Class B Segment	47	-	
		1,250	-	Bestway Cemnet Limited	160	-	
		158	-	Meezan Bank Limited	16	-	
		Unquoted securities					
		843,975	843,975	LSE Financial Services Limited	8.1	6,344	6,344
		3,034,603	3,034,603	ISE Towers REIT Management Company Limited	8.1	5,301	5,301
						40,243	33,686

8.1 These represent investments in unquoted equity securities. The Company has carried out the detailed evaluation of the fair value measurements basis. Due to significant variations in the fair value of shares arrived by using different valuation techniques prescribed under IFRS - 13 Fair Value Measurement, the management did not consider it as reliable estimate of fair value. Hence, these investments are being carried at cost until the Company is able to determine the reliable fair value that represents the price that would be received to sell the investments in an orderly transaction between market participants at the measurement date.

9. INVESTMENT PROPERTY

	Residential premises	Total
	----- (Rupees in '000) -----	
As at December 31, 2020		
Cost	23,500	23,500
Accumulated depreciation	(4,996)	(4,996)
Net book Value	18,504	18,504
Year ended December 31, 2021		
Opening net book value	18,504	18,504
Additions	-	-
Depreciation charge	(370)	(370)
Closing net book value	18,134	18,134
As at December 31, 2021		
Cost	23,500	23,500
Accumulated depreciation	(5,366)	(5,366)
Net book Value	18,134	18,134
Year ended December 31, 2022		
Opening net book value	18,134	18,134
Additions	-	-
Depreciation charge	(363)	(363)
Closing net book value	17,771	17,771
As at December 31, 2022		
Cost	23,500	23,500
Accumulated depreciation	(5,729)	(5,729)
Net book Value	17,771	17,771
Rate of depreciation	2%	

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9.1 The investment property represents six flats located at Bhurban Heights, Bhurban. The fair value of above property was Rs. 25.100 million as on December 29, 2022, determined as a result of a valuation carried out by M/s. Appraisals - an independent firm of professional valuers. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location. The Forced Sales value of the property is Rs. 21.335 million.

10. LONG TERM DEPOSITS	Note	2022 ----- (Rupees in '000) -----	2021
Considered good			
Central Depository Company of Pakistan Limited		175	175
National Clearing Company of Pakistan Limited		200	1,400
Pakistan Mercantile Exchange Limited		1,256	1,548
Pakistan Telecommunication Company Limited		42	42
		<u>1,673</u>	<u>3,165</u>
11. DEFERRED TAX ASSET - NET			
Deductible temporary differences arising on:			
Provision for staff compensated absences		878	1,235
Minimum tax		354	354
Alternative corporate tax		3,800	4,235
Tax loss		4,546	-
Taxable temporary differences arising on:			
Accelerated depreciation for tax purposes		(240)	16
		<u>9,338</u>	<u>5,840</u>
12. DEBTORS			
Considered good			
Due from clients in respect of securities transactions - secured		17,934	873
Commission receivable - unsecured		3,492	7,050
Receivable against sale of securities from clearing house		-	8,316
	12.1	21,426	16,239
Considered doubtful			
Due from clients in respect of securities transactions - secured	12.2	10,655	28,309
Due from clients in respect of securities transactions - unsecured		55,887	55,887
		66,542	84,196
		87,968	100,435
Less: Provision for doubtful debts	12.5	(55,887)	(55,887)
		<u>32,081</u>	<u>44,548</u>

12.1 Includes Rs. 0.021 million (2021: Rs. 0.011 million) due from the holding company.

12.2 These are secured against collateral having Forced Sales value amounting to Rs. 18.022 (2021: Rs. 39.291) million.

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12.3 Break-up of debtors	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Due from clients in respect of securities transactions		84,476	85,069
Equity commission receivable		298	276
		84,774	85,345
Forex and money market commission receivable		3,194	6,774
Receivable against sale of securities from clearing house		-	8,316
		<u>87,968</u>	<u>100,435</u>

12.4 Aging of debtors - Due from clients against securities and related commission

Outstanding 0 to 14 days	17,820	349
Outstanding more than 14 days	66,954	84,996
	<u>84,774</u>	<u>85,345</u>

12.5 Movement in provision for doubtful debts

Opening balance	55,887	57,176
Reversal during the year	-	(1,289)
Closing balance	<u>55,887</u>	<u>55,887</u>

13. SHORT TERM LOANS

Staff loans - unsecured

- Executives	216	-
- Employees	825	737
	<u>1,041</u>	<u>737</u>

13.1 These represent personal loans to employees under the terms of employment. These loans carry mark-up at the rate of 8% per annum. The maximum aggregate balance outstanding at the end of any month during the year from executives amounted to Rs 0.444 (2021: Rs.0.325) million.

14. SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Exposure deposits	30,558	48,728
Prepayments	166	297
Other receivables - Profit on pls bank accounts	488	-
	<u>31,212</u>	<u>49,025</u>

14.1 This represents exposure deposit held with the NCCPL in respect of PSX Future Market amounting to Rs. 0.858 million (2021: Rs. 13.228 million) and PSX Regular Market amounting to Rs. 29.700 million (2021: Rs. 35.500 million).

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15. CASH AND BANK BALANCES	Note	2022	2021
		----- (Rupees in '000) -----	
Cash in hand		1	6
Cash with banks:			
- Current accounts	15.1	1,239	55,027
- PLS savings accounts	15.2	57,058	5,842
		<u>58,298</u>	<u>60,875</u>

15.1 Includes accounts amounting to Rs. 0.101 million (2021: Rs. 53.256 million) maintained with the holding company.

15.2 This carries profit at rate of 9.75% to 15.25% (2021: 7.00% to 8.75%) per annum and includes aggregate balance of Rs. 57.057 (2021: Rs. 5.832) million maintained with the holding company.

15.3 Details of customer assets held in designated bank accounts and Central Depository Company (CDC) are as follow:

		2022	2021
		----- (Rupees in '000) -----	
15.3.1	Customer Assets		
	Bank Account balance - Clients	<u>49,502</u>	<u>53,255</u>
15.3.2	Customer Assets - Securities		
	Securities held in the name of Clients'	<u>148,108,002</u>	<u>142,232,877</u>
	Securities held in the name of Company	<u>6,684,315</u>	<u>5,481,531</u>
15.3.3	Pledged Securities - House account		
	Pledged with PSX on behalf of Company (for Base Minimum Capital)	3,878,578	11,645,147
	Pledged with financial institution	-	-
	Total number of pledged securities	<u>3,878,578</u>	<u>11,645,147</u>

16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

		2022	2021
		----- (Rupees in '000) -----	
	-----Number of Shares -----		
	Ordinary shares of Rs.10/- each issued for consideration other than cash	<u>30,000,000</u>	<u>30,000,000</u>
		<u>300,000</u>	<u>300,000</u>

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17. CREDITORS AND OTHER PAYABLES	Note	2022	2021
		----- (Rupees in '000) -----	
Due to clients in respect of securities transactions		49,502	61,571
Payable against purchase of securities		17,273	-
Deposit from employees against vehicles	17.1	179	1,599
Accrued liabilities		3,436	3,967
Provision for staff compensated absences	17.2	3,177	4,424
Gratuity payable - defined benefit plan	17.3	-	-
Other taxes payable		693	931
Others		659	586
		<u>74,919</u>	<u>73,077</u>

17.1 These represent vehicle deposits from executives under Company's policy.

17.2 Provision for staff compensated absences	Note	2022	2021
		----- (Rupees in '000) -----	
Opening balance		4,424	5,273
Charge / (reversal) for the year		698	(125)
Encashment during the year		(1,945)	(724)
Closing balance		<u>3,177</u>	<u>4,424</u>

17.3 Gratuity payable - defined benefit plan

17.3.1 General description

The Company has a gratuity fund that has been recognized by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the fund has been duly executed on July 12, 2007. The fund is also registered with Sindh Trust Act.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at the date of statement of financial position. The latest valuation was carried out as at December 31, 2022.

17.3.2 Principal actuarial assumptions	2022	2021
	----- % per annum -----	
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees	13.50	10.75
Expected rate of return on plan assets	13.50	10.75
Discount rate	13.50	10.75

17.3.3 Reconciliation of payable to / (receivable from) defined benefit plan	2022	2021
	----- (Rupees in '000) -----	
Present value of defined benefit obligation	11,735	13,299
Fair value of plan assets	(11,735)	(13,299)
Asset / liability recognized in the statement of financial position	<u>-</u>	<u>-</u>

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	2022	2021
	----- (Rupees in '000) -----	
17.3.4	Movement in net liability recognized	
	-	-
	(1,885)	1,159
	1,302	4,041
	2,133	(2,450)
	(1,550)	(2,750)
	-	-
	-	-
17.3.5	(Income) / expense charged in the statement of profit or loss	
	1,227	1,419
	(326)	(260)
	(2,786)	-
	(1,885)	1,159

17.3.6 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		----- (Rupees in '000) -----	
Discount Rate	± 1 %	10,607	13,033
Salary Increase Rate	± 1 %	13,080	10,549
Withdrawal rate	± 1 %	11,734	11,736
1 year mortality age set	Back/Forward	11,739	11,732

18. CONTINGENCIES AND COMMITMENTS

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

	2022	2021
	----- (Rupees in '000) -----	
19. BROKERAGE COMMISSION	Note	
	48,390	80,615
Less: Sales tax on services	(5,860)	(9,717)
Brokerage commission - Net	19.1	70,899
19.1 Breakup of brokerage commission		
	19,556	36,072
	22,962	34,742
	12	85
	42,530	70,899

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20. OTHER INCOME	Note	2022 ----- (Rupees in '000) -----	2021
Income from financial assets			
Profit on bank accounts		5,926	597
Profit on cash margins		3,605	2,910
Mark-up on loans		79	84
Reversal of provision for doubtful debts		-	1,289
Income from non financial assets			
Rental income		2,124	1,931
Gain on disposal of property and equipment		9,776	1,060
Commission		1	20
		<u>21,511</u>	<u>7,891</u>

21. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and benefits	21.1	43,604	62,322
PSX, NCCPL and CDC charges		2,562	5,500
Depreciation	5 & 9	1,335	2,205
Amortization	6	12	18
Stamps and fee		65	90
Telephone, fax and postage		6,126	5,560
Rent, rates and taxes		4,603	4,371
Fees and subscription		598	594
Vehicles running		3,379	3,247
Repairs and maintenance		5,379	3,080
Utilities		4,120	3,429
Printing and stationery		640	777
Travelling and conveyance		669	572
Legal and professional		1,670	1,385
Entertainment		1,691	1,664
Auditors' remuneration	21.2	959	1,317
Insurance		2,246	2,849
Others		531	479
		<u>80,189</u>	<u>99,459</u>

21.1 This includes an amount of Rs. 2.040 million (2021: Rs. 2.959 million) in respect of employees provident fund contribution and nil (2021: Rs. 1.159 million) in respect of staff gratuity fund.

21.2 Auditors' Remuneration	2022 ----- (Rupees in '000) -----	2021
Annual audit fee	402	402
Sales tax on services	71	94
Other certifications	434	769
Out of pocket expenses	52	52
	<u>959</u>	<u>1,317</u>

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22. FINANCIAL AND OTHER CHARGES

	2022	2021
	----- (Rupees in '000) -----	
Mark-up on running finance	985	329
Bank charges	75	82
	<u>1,060</u>	<u>411</u>

23. TAXATION

This represents tax on income chargeable under Minimum Tax and Final Tax Regime (FTR), therefore, no numerical tax reconciliation is reported.

According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Provision for taxation	Tax year	Provision for taxation	Tax assessed
		----- (Rupees in '000) -----	
December 31, 2021	2022	6,462	6,462
December 31, 2020	2021	6,090	6,090
December 31, 2019	2020	5,833	5,676

24. LOSS PER SHARE - basic and diluted

		2022	2021
Loss after taxation	Rupees	(14,494,000)	(24,867,000)
Weighted average number of shares	Number of shares	30,000,000	30,000,000
Loss per share -basic and diluted	Rupee	<u>(0.48)</u>	<u>(0.83)</u>

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	2,834	529	4,227	3,123	2,118	9,691
Housing and utilities	1,559	291	2,325	1,718	1,165	5,330
Medical	-	40	90	40	40	180
Retirement benefits	838	53	423	312	212	969
Commission	-	-	-	-	93	1,503
Others	1,015	168	1,873	827	604	2,958
	<u>6,246</u>	<u>1,081</u>	<u>8,938</u>	<u>6,020</u>	<u>4,232</u>	<u>20,631</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>6</u>

25.1 In addition to the above, Chief Executive and Executives have been provided with free use of Company maintained vehicles under the service contracts. Mr. Rahat Saeed Khan resigned from the position of Chief Executive Officer on March 24, 2022. Mr. Muzammil Hussain Merchant (Executive Director) replaced Mr. Rahat Saeed Khan as Chief Executive Officer of the Company with effect from March 25, 2022.

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26. RELATED PARTY TRANSACTIONS

The related parties comprise holding company, related group companies, staff retirement funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Holding Company - Summit Bank Limited			
Equity brokerage income		1	3,787
Money market and forex brokerage income		200	162
Profit on bank accounts		5,918	590
Financial charges		1,053	406
Running finance availed	26.2	40,721	99,998
Running finance repaid		(40,721)	(99,998)
Rent paid		4,003	3,771
Generator fuel re-imburement		243	232
Other related parties			
Equity and commodity brokerage income - Directors, key management personnel		4	402
Contribution (paid to) / returned from Gratuity Fund		(248)	1,291
Contribution paid to Provident Fund		2,040	2,959

26.1 The outstanding balances with related parties are disclosed in their respective notes to the financial statements.

26.2 The Company has availed short term running finance limit of Rs. 300 million from its holding company which is secured against hypothecation of current assets with 30% margin and first charge over present and future receivables.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (comprising interest rate risk currency risk and equity price risk). The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

27.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified thereby mitigating any significant concentration of credit risk.

The Company is exposed to credit risk on long term deposits, trade debtors, short term loans, short term deposits and other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

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	Note	2022 ----- (Rupees in '000) -----	2021
Long term deposits		1,673	3,165
Debtors		32,081	44,548
Short term loans		1,041	737
Short term deposits and other receivables	27.1.1	31,046	48,728
Bank balances	27.1.2	58,297	60,869
		<u>124,138</u>	<u>158,047</u>

27.1.1 Short term deposits and other receivables

It comprises mainly of exposure deposit kept with NCCPL amounting to Rs. 30.558 million (2021: Rs. 48.728 million).

27.1.2 Bank balances

The credit risk related to bank balances is managed through ensuring that such balances are held and kept with reputed banks with good credit ratings.

27.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates.

	2022					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- Rupees in '000' -----						
Creditors and other payables	74,919	74,919	74,919	-	-	-
Deposit - Rent	130	130	-	130	-	-
Accrued markup	217	217	217	-	-	-
	<u>75,266</u>	<u>75,266</u>	<u>75,136</u>	<u>130</u>	<u>-</u>	<u>-</u>
	2021					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- Rupees in '000' -----						
Creditors and other payables	73,077	73,077	73,077	-	-	-
Deposit - Rent	130	130	-	130	-	-
Accrued markup	-	-	-	-	-	-
	<u>73,207</u>	<u>73,207</u>	<u>73,077</u>	<u>130</u>	<u>-</u>	<u>-</u>

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27.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market price risks comprises of interest rate risk, currency risk and equity price risk.

27.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to the risk of changes in market interest rates.

27.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company has no financial assets or liabilities denominated in foreign currency as of year end that are exposed to foreign currency exchange rate fluctuations.

27.3.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments 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 does not hold any short-term investments as of December 31, 2022.

27.4 Capital management

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 maximize shareholder value and reduce the cost of capital.

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.

27.5 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

27.6 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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	2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Equity securities	28,598	-	-	28,598
Un-quoted securities	-	-	11,645	11,645
	28,598	-	11,645	40,243

	2021			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Equity securities	22,041	-	-	22,041
Un-quoted securities	-	-	11,645	11,645
	22,041	-	11,645	33,686

28. Pattern of shareholdings with percentage

Percentage	2022	2021
	----- Number of Shares -----	
Summit Bank Limited	100%	29,999,996
Muzammil Hussain	0%	1
Arshad Majeed	0%	1
Muhammad Kashif Malik	0%	1
Muhammad Anwaar	0%	1
Salman Zafar Siddiqi*	0%	-
Zubair Aziz*	0%	-
Rahat Saeed Khan*	0%	-
Total	100%	30,000,000

28.1 The company is a wholly owned subsidiary of Summit Bank Limited. The election of the Board of Directors were held on April 11, 2022. Mr. Salman Zafar Siddiqi, Mr. Muzammil Hussain Merchant re-elected as Director on April 11, 2022 and Mr. Arshad Majeed and Mr. Muhammad Anwar elected as new Director on April 11, 2022 in place of Mr. Zubair Aziz and Mr. Rahat Saeed Khan.

Mr. Salman Zafar Siddiqi resigned as Director on April 20, 2022 and Mr. Muhammad Kashif Malik appointed and replaced Mr. Salman Zafar Siddiqi as Director of the Company on April 20, 2022.

29. CUSTOMER ASSETS HELD IN CDC

The brokerage house holds 148.1 million no. securities of his client in the clients CDC sub accounts having fair value Rs. 1.932 billion.

30. CAPITAL ADEQUACY LEVEL	Note	2022	2021
		----- (Rupees in '000) -----	
Total assets	30.1	262,304	288,336
Less: Total liabilities		(75,266)	(73,207)
Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital Adequacy Level		187,038	215,129

30.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Summit Capital (Private) Limited as at year ended December 31, 2022 as determined by Pakistan Stock Exchange has been considered.

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31. NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

Description	Valuation	Note	2022 Rupees
CURRENT ASSETS			
Cash and bank balances	As per book value	31.1	88,855,259
Trade receivables	Book value less overdue for more than 14 days	31.2	17,819,804
Receivable from NCCPL	As per book value		-
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount		-
Securities purchased for client			350,213
			<u>107,025,276</u>
CURRENT LIABILITIES			
Trade payables	Book value less overdue for more than 30 days	31.3	22,738,670
Other payables	As per book values	31.4	52,527,176
			<u>75,265,846</u>
			<u>31,759,430</u>
31.1 Cash and bank balances			
Cash deposited as margins with Stock Exchange and National Clearing Company of Pakistan Limited			30,557,647
Clients' Bank Account Balance			
a) Bank balance(s) pertaining to brokerage house			8,795,550
b) Bank balance(s) pertaining to clients			49,501,605
Total bank balances			58,297,155
Cash in hand			457
			<u>88,855,259</u>
31.2 Trade receivables			
Aging of trade receivables:			
Total receivables			84,773,207
Outstanding for more than 14 days			(66,953,403)
			<u>17,819,804</u>
31.3 Trade payables			
Book value			49,501,605
Less: Overdue for more than 30 days			(26,762,935)
			<u>22,738,670</u>
31.4 Other payables			
Accrued and other liabilities			25,764,241
Trade payables more than 30 days			26,762,935
			<u>52,527,176</u>

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32. COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	46,060,157	100.00%	-
1.2	Intangible Assets	2,528,916	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (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	28,598,047	12,901,304	15,696,743
	ii. If unlisted, 100% of carrying value.	11,645,147	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.			
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	1,673,249	100.00%	-
1.9	Margin deposits with exchange and clearing house.	30,557,647	-	30,557,647
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	2,666,087	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	488,297	-	488,297
	100% in respect of mark-up accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
	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 .	-	-	-
	(iii) In all other cases 100% of net value	47,708,039	100.00%	-
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.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	17,608,532	-	17,608,532
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	14,472,360	140,130	140,130
	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. <i>vi. Lower of net balance sheet value or value determined through adjustments</i>	-	100.00%	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	8,795,550	-	8,795,550
	ii. Bank balance-customer accounts	49,501,605	-	49,501,605
	iii. Cash in hand			
	Subscription money against investment in IPO/ offer for sale (asset)	457	-	457
1.19	(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	262,304,090		122,788,961
	2. Liabilities			
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	17,273,403	-	17,273,403
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	-	-	-
	Current Liabilities	49,501,605	-	49,501,605
2.2	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	-	-	-
	iii. Short-term borrowings	8,311,520	-	8,311,520
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	179,318	-	179,318
	Non-Current Liabilities			
2.3	i. Long-Term financing	-	-	-
	ii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	iii. Staff retirement benefits	-	-	-
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases	-	-	-
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfil the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Advance against shares for increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. 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.			
2.5	Total Liabilities	75,265,846		75,265,846
	3. Ranking Liabilities Relating to:			
3.1	Concentration in Margin Financing The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
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			
3.3	Net underwriting Commitments (a) in the case of right issues: if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case: 12.5% of the net underwriting commitments			
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Repo adjustment			
3.7	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	-	2,188,582	2,188,582
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	-	256,852	256,852
3.10	Short sell positions i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	2,445,434	2,445,434
		<u>187,038,244</u>	<u>Liquid Capital</u>	<u>45,077,681</u>

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	122,788,961
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(75,265,846)
(iii) Less: Total ranking liabilities (series number 3.11)	(2,445,434)
	<u>45,077,681</u>

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

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33. NUMBER OF EMPLOYEES

The number of employees as at December 31, 2022 were 48 (December 31, 2021: 45) and average number of employees are 44 (December 31, 2021: 50).

34. DATE OF AUTHORISATION

These financial statements were authorized for issue in the Board of Directors meeting held on 17 FEB 2023.

35. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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Chief Executive Officer



Director