

**Brains Securities (Private)
Limited
Audited Financial Statement
For the Year Ended
30 June 2024**



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of BRAINS SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements **BRAINS SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, the statement of liquid capital 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss and other comprehensive loss, the changes in equity, 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 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 Director's Report.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

Report on Other Legal and Regulatory Requirements

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


- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; 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/or 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.

Other Matter

The financial statements of the Company for the year ended June 30, 2023, were audited by another auditor who expressed unmodified opinion on those statements on October 31, 2023.

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

Place: Islamabad
Date: 28 October 2024
UDIN: AR202410163IbAEVDsHP


Nasir Javaid Maqsood Imran
Chartered Accountants

BRAINS SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024


	Note	2024 Rupees	2023 Rupees Restated	2022 Rupees Restated
ASSETS				
NON CURRENT ASSETS				
Property and equipment	4	18,753,243	13,393,799	7,760,672
Intangible assets	5	2,657,810	2,675,344	2,694,827
Long term investment	6	10,198,088	11,671,348	20,516,912
Long term deposits	7	2,880,000	1,600,000	1,500,000
		34,489,141	29,340,491	32,472,411
CURRENT ASSETS				
Account receivables	8	18,539,158	38,104,867	29,314,791
Loans and advances	9	5,230,496	2,673,047	980,581
Trade deposits, short term prepayments and current account balance with statutory authorities	10	1,630,167	2,528,605	2,777,880
Cash and bank balances	11	28,935,411	9,755,852	14,009,986
		54,335,232	53,062,371	47,083,238
		88,824,373	82,402,862	79,555,649
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Issued, subscribed and paid up capital	12	75,000,000	63,000,000	50,000,000
Revenue reserve				
Unappropriated profit/(accumulated loss)		3,204,505	4,368,376	(6,145,929)
Capital reserve				
Fair value adjustment reserve		-	-	16,081,925
		78,204,505	67,368,376	59,935,996
LONG TERM LOAN FROM RELATED PARTIES				
	13	-	685,000	6,931,996
		78,204,505	68,053,376	66,867,992
NON CURRENT LIABILITIES				
Deferred taxation	14	-	993,066	-
CURRENT LIABILITIES				
Deposits, accrued liabilities and advances	15	1,907,728	1,620,988	3,986,518
Trade and other payables	16	8,712,140	10,824,392	8,029,619
Provision for taxation		-	911,040	671,520
		10,619,868	13,356,420	12,687,657
CONTINGENCIES AND COMMITMENTS				
	17	-	-	-
		88,824,373	82,402,862	79,555,649

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


CHIEF EXECUTIVE






DIRECTOR



BRAINS SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees Restated
Brokerage and commission	18	16,240,027	10,767,357
Direct cost	19	<u>(9,415,571)</u>	<u>(6,548,099)</u>
		6,824,456	4,219,258
Operating expenses	20	<u>(10,310,209)</u>	<u>(5,821,290)</u>
Other operating expenses	21	-	(258,592)
Other income	22	<u>1,651,972</u>	<u>14,429,260</u>
		<u>(8,658,237)</u>	<u>8,349,377</u>
PROFIT FROM OPERATIONS		(1,833,781)	12,568,635
Finance cost	23	<u>(5,405)</u>	<u>(6,281)</u>
PROFIT/(LOSS) BEFORE TAXATION AND LEVY		(1,839,186)	12,562,354
Levy		<u>(317,750)</u>	-
PROFIT/(LOSS) BEFORE TAX		(2,156,936)	12,562,354
Taxation	24	<u>993,066</u>	<u>(2,048,050)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(1,163,870)</u>	<u>10,514,305</u>

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

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CHIEF EXECUTIVE



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DIRECTOR



BRAINS SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees Restated
Profit for the year	(1,163,870)	10,408,875
Items that will not be reclassified subsequently to statement of profit or loss	-	-
Items that may be reclassified subsequently to statement of profit or loss	-	-
Gain on long term investment	-	-
Effect of reclassification of long term investment	-	(16,081,925)
Other comprehensive (loss)/income for the year	-	(16,081,925)
Total comprehensive (loss)/income for the year	(1,163,870)	(5,673,050)

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

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CHIEF EXECUTIVE



[Signature]
DIRECTOR



BRAINS SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Share Capital	Revenue Reserves	Capital Reserves			
	Paid up capital	Accumulated (loss)/Profit	Fair value adjustment reserve	Sub Total	Long term loans	Total
	----- (R u p e e s) -----					
Balance as at June 30, 2021	50,000,000	(5,883,540)	15,453,856	59,570,316	1,183,000	60,753,316
prior year adj		(766,664)		(766,664)	-	(766,664)
Loan received during the year	-	-	-	-	5,748,996	5,748,996
Profit after taxation	-	504,275	-	504,275	-	815,942
Other comprehensive income	-	-	628,069	628,069	-	628,069
Total comprehensive income for the year	-	504,275	628,069	1,132,344	-	1,132,344
Balance as at June 30, 2022	50,000,000	(6,145,929)	16,081,925	59,935,996	6,931,996	66,867,992
Loans adjusted during the year	6,246,996	-	-	6,246,996	(6,246,996)	-
Shares issued during the year	6,753,004	-	-	6,753,004	-	6,753,004
Profit after taxation	-	10,514,305	-	10,514,305	-	10,514,305
Other comprehensive loss	-	-	(16,081,925)	(16,081,925)	-	(16,081,925)
Total comprehensive loss for the year	-	10,514,305	(16,081,925)	(5,567,620)	-	(5,567,620)
Balance as at June 30, 2023	63,000,000	4,368,376	-	67,368,376	685,000	68,053,376
Balance as at June 30, 2023	63,000,000	4,368,376	-	67,368,376	685,000	68,053,376
Loans adjusted during the year	685,000	-	-	685,000	(685,000)	-
Shares issued during the year	11,315,000	-	-	11,315,000	-	11,315,000
Profit after taxation	-	(1,163,871)	-	(1,163,871)	-	(1,163,871)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the year	-	(1,163,871)	-	(1,163,871)	-	(1,163,871)
Balance as at June 30, 2024	75,000,000	3,204,505	-	78,204,505	-	78,204,505

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


CHIEF EXECUTIVE




DIRECTOR




BRAINS SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation and levy		(1,839,186)	11,566,021
Adjustments of items not involving movements of cash:			
Depreciation	4	1,563,655	1,583,407
Reveral for doubtful debts		(526,784)	(3,871,501)
Gain on remeasurement of investment		1,115,989	(7,236,361)
Balances written back		-	(2,460,955)
Amortization	5.3	17,534	19,483
		<u>2,170,394</u>	<u>(11,965,926)</u>
Operating cash flows before working capital changes		331,208	(399,905)
(Increase)/ Decrease in working capital			
(Increase)/ decrease in current assets			
Account receivables		20,092,493	(4,918,575)
Loan and advances		(2,557,449)	(1,692,466)
Trade deposits and short term prepayments		1,112,810	249,275
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		243,499	95,425
Trade and other payables		(2,195,393)	2,794,773
		<u>16,695,960</u>	<u>(3,471,568)</u>
Cash (used in)/generated from operations		<u>17,027,168</u>	<u>(3,871,474)</u>
Taxes paid		(274,509)	(815,464)
Net Cash used in operations		<u>16,752,659</u>	<u>(4,686,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,923,100)	(6,220,200)
Deposits		(1,280,000)	(100,000)
Long term investment purchased		-	-
Net cash used in investing activities		<u>(8,203,100)</u>	<u>(6,320,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received against issuance of shares	35	10,630,000	6,753,004
Loan received from related parties		-	-
Net cash flows from financing activities		<u>10,630,000</u>	<u>6,753,004</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>19,179,559</u>	<u>(4,254,134)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>9,755,852</u>	<u>14,009,986</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>28,935,411</u>	<u>9,755,852</u>
A Cash and Cash Equivalents			
Cash and bank balances	11	<u>28,935,411</u>	<u>9,755,852</u>

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


CHIEF EXECUTIVE




DIRECTOR



BRAINS SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 COMPANY AND ITS OPERATION

- 1.1** The company was incorporated as Private Limited Company on July 24, 2015 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is engaged in the business of share brokerage and investment in securities. The registered office of the Company is situated at Room no. 613, 6th Floor, Stock Exchange Building, Lahore. The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in relevant notes to the financial statements.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS

a) Amendments to accounting and reporting standards that became effective during the year

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except as mentioned below:

The Company has disclosed material accounting policies in these financial statements in line with the amendments to 'IAS-1 - Presentation of Financial Statements'.

b) Standards and amendments to accounting and reporting standards that are not yet effective and not early adopted by the Company

There are certain new standards and amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these amendments will not have any significant effect on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

2.6 CHANGE OF ACCOUNTING FRAMEWORK

The accounting framework for the preparation of financial has been changed from Small and Medium Entities (SMEs) to International Financial reporting standards (IFRS) issued by IASB. This change has no effect on the measurement of assets and liabilities

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Financial assets and liabilities

3.1.1 Financial assets

The Company classifies its financial assets in the following categories:

a) Amortized cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on DE recognition are recognized directly in statement of profit or loss.


b) Fair value through other comprehensive income

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

c) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt instrument that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the year in which it arises

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.



The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the DE recognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

All purchases and sales of financial assets are recognized on the trade date which is the date on which the Company commits to purchase or sell the financial asset.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in statement of profit or loss.

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 the risks and rewards of ownership.

3.1.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a DE recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

3.1.3 Impairment

a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies general approach in calculating expected credit losses. It is based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cash flows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

b) Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the statement of profit or loss.

The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.2 Cash and cash equivalents



Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts.

3.3 Property and equipment

Initial Recognition

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is direct attributable to the acquisition of the items.

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized 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. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 4 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from the date when the asset is available for use until the asset is disposed off.

Disposal

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

Judgments and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Change in estimate

The Company reviews useful lives of property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss. Further, management also on a year basis reviews the carrying amounts of certain classes of property and equipment which are carried at revalued amounts. Any change in estimate in future years which might affect the carrying amount of these classes with a corresponding effect on the surplus on revaluation of property and equipment, related deferred tax liability and related charge of incremental depreciation.

3.4 Intangible Asset - Acquired

TREC Certificates and PMEX Certificate

These are stated at cost less impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items. Trading Right Entitlement Certificates and Membership Card have indefinite useful life and accordingly are not amortized however, these are tested for impairment only. Impairment loss is recognized in profit and loss account.

Judgments and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.5 Trade Receivable

Measurement

Trade receivable are recognized initially at fair value and subsequently measured at cost less provision for Expected Credit Loss.

Impairment

A provision for impairment of trade debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debts. The amount of the provision is recognized in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

3.6 Taxation

Income tax expense comprises current and deferred tax.

Current

The charge for current taxation is based on taxable income at current tax rates after considering all tax credits and rebates available, if any.

Levy

The amount of minimum taxes over and above tax chargeable on profits and final tax chargeable under the provisions of Income Tax Ordinance, 2001 are recognized as levy.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.


Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantially enacted by the statement of financial position sheet date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.



Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.7 Share capital

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

3.8 Trade and other payables

Trade and other payables are recognized initially at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount could be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Judgement and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the company or the company has a present legal or constructive obligation that arises from past events, but

3.10 Revenue recognition

Revenue is recognized when services are provided to customers and thereby performance obligation is satisfied at amount which company expects to receive in exchange. Revenue is recognized on the following basis:

Brokerage Commission

Brokerage, consultation and advisory fee and commission on securities and commodities is recognized as and when related services are rendered.

Income on bank deposits

Mark-up / interest on bank deposits and return on investments is recognized on time apportionment basis when right to receive is established using effective interest rate.



Dividend income

Dividend income is recognized in profit or loss as other income when:

- the Company's right to receive payment have been established;
- it is probable that the economic benefits associated with the dividend will flow to the company; and
- the amount of the dividend can be measured reliably.

Others

Gain / loss on sale of investment is recognized in the year in which they arise.

3.11 Borrowings


These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

3.12 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

3.13 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.



4 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			WDV As at June 30, 2024
	As at June 30, 2023	Additions	(Deletions)		As at June 30, 2024	Charge for the year	(Adjustment)	
OWNED								
Building	13,864,728	6,475,000	-	10	1,756,249	1,400,938	-	3,157,187
Furniture and fittings	1,070,347	108,000	-	10	496,542	63,335	-	559,877
Office equipment	934,970	220,000	-	10	388,882	60,676	-	449,559
Computers	786,951	120,100	-	30	621,524	38,706	-	660,230
	16,656,996	6,923,100	-		3,263,197	1,563,655	-	4,826,853
								18,753,243

4.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			WDV As at June 30, 2023
	As at June 30, 2022	Additions	(Deletions)		As at June 30, 2023	Charge for the year	(Adjustment)	
OWNED								
-----Rupees-----								
Restated				Restated				
-----Rupees-----								
Building	7,824,728	6,040,000	-	10	1,331,893	424,356	-	1,756,249
Furniture and fittings	969,847	100,500	-	10	433,207	63,335	-	573,805
Office equipment	934,970	-	-	10	328,206	60,676	-	546,088
Computers	707,251	79,700	-	30	582,818	38,706	-	165,427
-----Rupees-----								
	10,436,796	6,220,200	-		2,676,124	587,073	-	13,393,799

4.2 Allocation of Depreciation:

Note	2024 Rupees	2023 Rupees Restated
Operating expenses	22	587,073

	Note	2024 Rupees	2023 Rupees Restated
5 INTANGIBLE ASSETS			
Rights of rooms	5.1	-	-
Trading right entitlement certificate (TREC)	5.2	2,500,000	2,500,000
Computer software	5.4	157,810	175,344
		<u>2,657,810</u>	<u>2,675,344</u>

5.1 The rights of rooms has not yet been transferred in the name of the company. The company is in the process of finalization of lease deeds against the said rooms with LSE Financial Services Limited.

5.2 It represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. This is carried at cost less accumulated impairment.

	Note	2024 Rupees	2023 Rupees
5.4 Software			
Cost:			
Balance as at July 01,		382,000	382,000
Additions during the year		-	-
Balance as at June 30,		382,000	382,000
Amortization:			
Balance as at July 01,		206,656	187,173
Charge for the year	22	17,534	19,483
Balance as at June 30,		224,190	206,656
Net book value		<u>157,810</u>	<u>175,344</u>
Rate of amortization		<u>10%</u>	<u>10%</u>

6 LONG TERM INVESTMENT

Quoted	6.1	<u>10,198,088</u>	<u>11,671,348</u>
6.1			
		2024	2023
		No. of shares	Value Rupees
LSE Capital Limited		317,861	317,861
LSE Venture Limited		1,401,143	1,092,143
The Bank of Punjab		165,000	-
Pakistan Refinery Limited		10,000	-
The Searle Company Limited		2,000	-
		<u>1,896,004</u>	<u>1,410,004</u>
		<u>10,198,088</u>	<u>11,671,348</u>
			Pledged with
			Pakistan Stock Exchange for BMC

Note: During the year LSE PropTech merged into LSE Capital Limited with a swap ratio of 0.83 Shares for 1 Share of LSE PropTech Limited

	Note	2024 Rupees	2023 Rupees
7 LONG TERM DEPOSITS			
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,400,000	1,400,000
Pakistan Stock Exchange Ltd - Base Minimum Capital Requirement.		1,380,000	100,000
Central Depository Company of Pakistan Ltd.		100,000	100,000
		<u>2,880,000</u>	<u>1,600,000</u>

8 ACCOUNT RECEIVABLES

Receivable from clients on account of:

Clients on account of purchase of shares
Related parties on account of purchase of shares

8.1

17,433,002	37,451,724
2,603,061	1,518,242

20,036,063 38,969,966

Less: Provision for expected credit loss

8.3

(1,659,809)	(2,186,593)
18,376,254	36,783,373

National Clearing Company of Pakistan Ltd.

162,904 1,321,494

18,539,158 38,104,867

8.1 Receivable from related parties comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2024 Rupees	2023 Rupees
Chaudhry Zahid Hussain	Chief Executive	5,004,543	2,001,676	580,729
Bashir Ahmad Bajwa	Director	338,128	-	338,128
Syed Abbas Raza	Major Shareholder	601,385	601,385	599,385
			<u>2,603,061</u>	<u>1,518,242</u>

8.2 Ageing analysis of the amounts due from related parties as follows:

	Up to 1 months	1 to 6 months	More than 6 months	As at June 30, 2024
	Rupees			
Chaudhry Zahid Hussain	-	-	2,001,676	2,001,676
Bashir Ahmad Bajwa	-	-	-	-
Syed Abbas Raza	-	-	601,385	601,385
	<u>-</u>	<u>-</u>	<u>2,603,061</u>	<u>2,603,061</u>

8.3 Movement is as follows

	Note	2024 Rupees	2023 Rupees
Opening balance		2,186,593	6,058,094
Increase/(decrease) during the year	22	(526,784)	(3,871,501)
Balances written off		-	-
		<u>1,659,809</u>	<u>2,186,593</u>

	Note	2024 Rupees	2023 Rupees	
9 LOANS AND ADVANCES				
(Unsecured but considered good by the management)				
Advances to:				
Syed Ali Raza - Relative of Director having nil shareholding	9.1 & 9.5	-	1,071,429	
Syed Ali Raza - Director	9.2	294,503		
Chaudhry Zahid Hussain - Chief Executive	9.3 & 9.5	4,046,225	121,225	
Employees		889,768	1,480,393	
		<u>5,230,496</u>	<u>2,673,047</u>	
9.1 Relative of Director - Syed Ali Raza				
Balance as at July 01,		-	-	
Disbursed during the year		-	1,071,429	
Repayments/adjustments made during the year		-	-	
		<u>-</u>	<u>1,071,429</u>	
9.2 Director - Syed Ali Raza				
Balance as at July 01,		-	-	
Disbursed during the year		1,665,293	-	
Repayments/adjustments made during the year		(1,370,790)	-	
		<u>294,503</u>	<u>-</u>	
9.3 Chief Executive - Chaudhry Zahid Hussain				
Balance as at July 01,		-	-	
Disbursed during the year		6,000,000	172,145	
Repayments/adjustments made during the year		(1,953,775)	(50,920)	
		<u>4,046,225</u>	<u>121,225</u>	
9.4 Ageing analysis of the amounts due from related parties as follows:				
	Up to 1 months	1 to 6 months	More than 6 months	As at June 30, 2024
			Rupees	
Chaudhry Zahid Hussain	-	-	4,046,225	4,046,225
Syed Ali Raza	-	-	294,503	294,503
	<u>-</u>	<u>-</u>	<u>4,340,728</u>	<u>4,340,728</u>
9.5 The maximum aggregate amount outstanding of Chaudhry Zahid Hussain and Syed Ali Raza at the month-end balance was amounting Rs. 6,000,000 and Rs. 883,240 respectively.				
9.6 These represent short term advance obtained by the chief executive and relative of director of the company. As per terms of repayment of the advances, these would be settled within the next twelve months from the reporting date.				
	Note	2024 Rupees	2023 Rupees	
10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES				
Deposits with:				
National Clearing Company of Pakistan Ltd.	10.1	1,415,795	2,528,605	
Interest receivable from NCCPL		214,372	-	
		<u>1,630,167</u>	<u>2,528,605</u>	
10.1 This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 16% to 20% (2023: 7% to 16%) per annum.				

	Note	2024 Rupees	2023 Rupees
11 CASH AND BANK BALANCES			
Cash in hand		713,052	564,412
Cash at bank			
Current accounts:			
Pertaining to brokerage house		20,476	163,481
Pertaining to clients		28,201,883	9,027,959
		28,222,359	9,191,440
		28,935,411	9,755,852
12 SHARE CAPITAL			
Authorized			
750,000 (2023: 500,000) ordinary shares of Rs.100 each		75,000,000	75,000,000
Issued, subscribed and paid up			
750,000 (2023: 630,000) ordinary shares of Rs.100 each fully paid in cash		75,000,000	63,000,000
12.1 Movement in issued, subscribed and paid up capital			
Opening balance as at July 01, 630,000 (2023: 500,000) ordinary shares of Rs. 100 each		63,000,000	50,000,000
Ordinary shares issued during the year 120,000 (2023:130,000) ordinary shares of Rs. 100 each fully paid in cash		12,000,000	13,000,000
Closing balance as at June 30,		75,000,000	63,000,000
12.2 There is no variation in the rights of the shareholders.			
13 LONG TERM LOAN FROM RELATED PARTIES	Note	2024 Rupees	2023 Rupees
Loan from:			
Mr. Zahid Hussain - Chief Executive	13.1	-	685,000
		-	685,000
13.1 These represent interest free and un-secured loans obtained from the Chief Executive and Shareholder of the company. These loans are subordinated to all other debts of the company. These loans are repayable at the discretion of the company.			
14 DEFERRED TAXATION		2024 Rupees	2023 Rupees Restated
Deferred credits/(debts) arising due to:			
Accelerated tax depreciation		811,434	722,633
Tax loss		(337,682)	-
Unrealized gain on long term investment		-	904,545
Provision for doubtful debts		(481,344)	(634,112)
Alternative corporate tax		(1,286,615)	(1,292,965)
Deferred tax asset not recognized		1,294,207	1,292,965
		-	993,066
Balance as at July 01,		993,066	-
Add: Charge for the year in profit or loss		(993,066)	993,066
		-	993,066

14.1 At the year end, net deductible temporary differences and tax credits resulted in a net deferred tax asset. However, deferred tax asset (2023: relating to alternative corporate taxes amounting Rs.0.97 million) has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2025. Minimum and alternate corporate taxes paid amounting Rs.228,002, Rs. 437,398 and Rs. 621,215 pertaining to current and previous year will expire on year ending June 30, 2027, June 30, 2033 and June 30, 2032 respectively.

14.2 The deferred tax expense for the year has been charged in profit and loss

	Note	2024 Rupees	2023 Rupees
15 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		1,390,660	1,147,161
Punjab worker's welfare fund	21	473,827	473,827
Levy payable		43,241	-
		<u>1,907,728</u>	<u>1,620,988</u>
16 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	18.1&18.2	7,286,830	5,092,133
Payable against rights of room		-	4,940,000
Tax deducted at source payable		1,425,310	792,259
		<u>8,712,140</u>	<u>10,824,392</u>

16.1 This include following payable due to related parties:

Name of related party	Basis of relationship	2024 Rupees	2023 Rupees
Saad Zahid Chaudhry	Relative of Chief Executive having nil shareholding	-	245,260
		<u>-</u>	<u>245,260</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 The Executive Director, Adjudication Department-I, Adjudication Division, Securities and Exchange Commission of Pakistan, Islamabad (hereinafter called as "Adjudication Officer") issued an Impugned Order on February 19, 2021 against the company after issuance of a Show Cause Notice dated January 01, 2021 providing personal hearing on January 28, 2021. In the said order, the Adjudication Officer imposed a penalty of Rs. 875,000 on the Company under section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 (the "Act") on alleged violations of various provisions of the Securities and Exchange Commission (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 (the "AML Regulations"). The Company has filed an appeal on March 19, 2021 against the decision of the Adjudication Officer. The Appeal is pending before the Appellate Bench of the Commission for hearing till date. The legal advisor of the company is of the opinion that Impugned Order of the Adjudication Officer will be declared annul and void based on the technical facts of the case.

17.1.2 The company has received notice from Deputy Commissioner Inland Revenue, Lahore dated October 18, 2022 in which penalty has been imposed of Rs.710,000 for the tax year 2021 due to non compliance of Common Reporting Standard of the Income Tax Rules, 2002. The company has filed appeal before Appellate Tribunal Inland Revenue against the aforesaid notice which is pending for decision. The tax advisor of the company is of the opinion that the company has a good arguable case and there is likelihood that the same will be decided in the favor of the company.

17.2 Commitments

Commitments as at reporting date were Rs. Nil (2023: Rs. Nil).

		2024 Rupees	2023 Rupees
18 BROKERAGE AND COMMISSION			
Brokerage and commission		18,838,431	12,490,134
Less: Sales tax		(2,598,404)	(1,722,777)
		<u>16,240,027</u>	<u>10,767,357</u>
19 DIRECT COST			
Charges paid to:			
National Clearing Company of Pakistan Ltd.		933,433	571,177
Central Depository Company of Pakistan Ltd.		11,705	167,058
Pakistan Stock Exchange Ltd.		1,406,837	1,025,156
Commission/incentive paid	19.1	7,063,596	4,784,708
		<u>9,415,571</u>	<u>6,548,099</u>

19.1 This includes amount paid to Chaudhry Zahid Hussain-Chief Executive of the company amounting Rs. nil (2023: Rs.50,091).

		2024 Rupees	2023 Rupees Restated
20 OPERATING EXPENSES			
Directors' remuneration		1,370,790	250,000
Staff salaries and benefits		3,800,565	2,386,940
Rent, rates and taxes		-	30,000
Communication expenses		228,012	168,585
Postage and courier		44,348	10,561
Travelling and conveyance		200,000	53,000
Printing and stationery		239,215	32,370
Repair and maintenance		1,326,314	744,723
Legal and professional charges	20.1	82,700	81,250
Auditors' remuneration		200,000	219,750
Fee and subscription		447,334	372,722
Entertainment		578,742	646,149
Software expenses		14,550	160,000
Depreciation	4	1,563,655	587,073
Amortization	5.4	17,534	19,483
Miscellaneous		196,450	58,684
		<u>10,310,209</u>	<u>5,821,290</u>

20.1 Auditors' remuneration

The audit fee and remuneration for other services included in the financial statements is as follows:

	Note	2024 Rupees	2023 Rupees
Statutory audit		200,000	135,000
Certification fee for regulatory purposes		-	84,750
		<u>200,000</u>	<u>219,750</u>
21 OTHER OPERATING EXPENSES			
Punjab workers' welfare fund		-	258,592
		<u>-</u>	<u>258,592</u>
22 OTHER INCOME			
Income from financial assets			
Dividend income		598,322	546,826
Interest income		1,345,126	312,617
Realized (loss)/gain on remeasurement of long term investment		(357,272)	(8,490)
Unrealized (loss)/gain on remeasurement of long term investment		(1,115,989)	7,244,851
Decrease/(increase) in expected credit loss provision		526,784	3,871,501
		996,972	11,967,305
Income from assets other than financial assets			
Other income		655,000	1,000
Balances written back		-	2,460,955
		655,000	2,461,955
		<u>1,651,972</u>	<u>14,429,260</u>
23 FINANCE COST			
Bank charges		5,405	6,281
		<u>5,405</u>	<u>6,281</u>
24 TAXATION			
Income tax:			
For the year			
-Current		-	834,078
-Deferred		(993,066)	713,121
		<u>(993,066)</u>	<u>1,547,199</u>

25 Reconciliation of tax expense and accounting profit:

No numeric tax reconciliation has been presented in respect of current and previous year as the company was liable to pay tax under final, minimum or alternative tax regime of the Income Tax Ordinance, 2001.

26 REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, directors and executives of the company is as follows:

	2024		
	Chief Executives	Director	Executives
Managerial remuneration	1,370,790		1,370,790
Medical allowance			-
Commission paid			
	<u>1,370,790</u>	<u>-</u>	<u>-</u>
Number of persons	<u>-</u>	<u>1</u>	<u>1</u>
	2023		
	Chief Executives	Director	Executives
Managerial remuneration	-	250,000	-
Medical allowance	-	-	-
Commission paid	50,091		
	<u>50,091</u>	<u>250,000</u>	<u>-</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>
		2024	2023
		Rupees	Rupees

27 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

At fair value through profit or loss

Long term investment	10,198,088	11,671,348
----------------------	------------	------------

At Amortized cost

Long term deposits	2,880,000	1,600,000
Trade debts	18,539,158	38,104,867
Loans and advances	5,230,496	2,673,047
Trade deposits	1,415,795	2,528,605
Cash and bank balances	28,935,411	9,755,852
	<u>57,000,860</u>	<u>54,662,371</u>

Financial liabilities

At amortized cost

Deposits, accrued liabilities and advances	1,907,728	1,620,988
Payable against rights of room	-	4,940,000
Trade and other payables	7,286,830	5,092,133
	<u>9,194,558</u>	<u>11,653,121</u>

Signature

28 LIQUID CAPITAL BALANCE
AS AT JUNE 30, 2024

The liquid capital balance has been prepared on the basis of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets							
1.1	Property & Equipment	Balance Sheet Value net of depreciation	100% of net value	Nil	18,753,243	18,753,243	-
1.2	Intangible Assets	Balance Sheet Value net of amortization	100% of net value	Nil	2,657,810	2,657,810	-
1.3	Investment in Govt securities	Balance Sheet Value	Difference between book value and sale value on the date on the basis of PKRV published by NIFT	Sale value on the date on the basis of PKRV published by NIFT	-	-	-
1.4	Investment in debt securities	Balance Sheet Value net of any provision	If listed than i. 5% of the balance sheet value in the case of tenure up to 1 year ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years iii. 10% of the balance sheet value, in the case of tenure of more than 3 years. If unlisted than i. 10% of the balance sheet value in the case of tenure up to 1 year ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	Net amount after deducting provisions and haircuts	-	-	-
1.5	Investment in equity securities	Balance Sheet Value net of any provision	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher.	Net amount after deducting provisions and haircuts	10,198,088	10,198,088	-
			Provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	Nil	-	-	-
			ii. If unlisted, 100% of carrying value		-	-	-
1.6	Investment in subsidiaries	Balance Sheet Value net of any provision	100% of net value	Nil	-	-	-
1.7	Investment in associated companies/undertaking	Balance Sheet Value net of any provision	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.	Net amount after deducting provisions and haircuts	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.8	Statutory or regulatory deposits/ basic deposits with exchanges, clearing house or central depository or any other entity	Balance Sheet Value	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.	Nil, or any excess cash amount.	2,880,000	2,880,000	-
1.9	Margin deposits with exchange and clearing house	Balance Sheet Value	Nil	Balance Sheet Value	1,415,795	-	1,415,795
1.10	Deposit with authorized intermediary against borrowed securities under SLB	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1.11	Other deposits and prepayments	Balance Sheet Value	100% of carrying value	Nil	-	-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	Balance Sheet Value	Nil 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	Balance Sheet Value	-	-	-
1.13	Dividends receivables	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1.14	Amount receivable against Repo financing	Balance Sheet Value	Amount paid as purchaser under the REPO agreement. Securities purchased under repo arrangement shall not be included in the investments	Balance Sheet Value	-	-	-
1.15	Advances and Receivables other than trade receivables	Balance Sheet Value	1. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months 2. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation 3. In all other cases, 100% of net value	Adjusted Value	5,230,496	5,230,496	-
1.16	Receivables from clearing house or securities exchange(s)	Balance Sheet Value	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains	Lower of net balance sheet value or value determined through adjustments	377,276	377,276	-
	Receivables from customers	Balance Sheet Value net of provisions	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.	i. Lower of net balance sheet value or value determined through adjustments	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	ii. In case receivables are against margin trading, 5% of the net balance sheet value	ii. Net amount after deducting haircut	-	5%	-
	Receivables from customers	Balance Sheet Value net of provisions	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	iii. Net amount after deducting haircut	-	-	-

21/11/20

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	Receivables from customers	Balance Sheet Value net of provisions	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	iv. Balance sheet value	1,587,200	-	1,587,200
	Receivables from customers	Balance Sheet Value net of provisions	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.	v. Lower of net balance sheet value or value determined through adjustments	18,448,863	16,113,693	2,335,170
	Receivables from related parties	Balance Sheet Value net of provisions	vi. In the case of amount of receivable 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;	vi. [Lower of net balance sheet values or values determined through adjustments.]	-	-	-
			b. Above 30 days but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher;		-	50%	-
			c. Above 90 days, 100% haircut shall be applicable		-	100%	-
1.18	Cash and bank Balances	i. Bank balance – Proprietary accounts	Nil	Balance sheet value	20,476	-	20,476
		ii. Bank balance – Customer accounts	Nil	Balance sheet value	28,201,883	-	28,201,883
		iii. Cash in hand	Nil	Balance sheet value	713,052	-	713,052
1.19	Subscription money against investment in IPO/ offer for sale (asset)	Balance Sheet Value	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 investments 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.	Balance sheet value or Net value after deducting haircuts.	-	-	-
1.20	Total Assets	Balance Sheet Value		Adjusted Value	90,484,182		34,273,576

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities							
2.1	Trade payables	i. Payable to exchanges and clearing house	Nil	Balance sheet value	-	-	-
		ii. Payable against leveraged market products			-	-	-
		iii. Payable to customers			7,286,830	-	7,286,830
2.2	Current Liabilities	i. Statutory and regulatory dues	Nil	Balance sheet value	1,942,378	-	1,942,378
		ii. Accruals and other payables			1,390,660	-	1,390,660
		iii. Short-term borrowings			-	-	-
		iv. current portion of subordinated loans			-	-	-
		vi. Deferred liabilities			-	-	-
		vii. Provision for			-	-	-
		viii. other liabilities as per accounting principles and included in the financial statements			-	-	-
2.3	Non-current liabilities	i. Long-term financing	1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. 2. Nil in all other cases	Nil or Balance sheet Value as the case may be	-	-	-
		ii. Staff retirement benefits			-	-	-
		iii. other liabilities as per accounting principles and included in the financial statements			-	-	-
2.4	Subordinated Loans	Balance Sheet Value	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	Net value after deducting adjustments, [if any.]	-	-	-
2.5	Advance against shares for increase in capital of securities broker	Balance Sheet Value	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.	Net amount after deducting haircuts	-	-	-
2.6	Total Liabilities	Balance Sheet Value		Adjusted Value	10,619,868		10,619,868

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.	Ranking Liabilities relating to						
3.1	Concentration in margin financing	Nil	The amount calculated [on] client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs. 5 million. Note: Only amount exceeding by 10% of each financee from aggregate amount shall be included in the ranking liabilities.	Amount as determined through adjustment	-	-	-
3.2	Concentration in securities lending and borrowing	Nil	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.]	Amount as determined through adjustment	-	-	-
3.3	Net underwriting Commitments	Nil	<u>(a) in the case of rights issue:</u> 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 commitment 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 commitment <u>(b) in any other case:</u> 12.5 % of the net underwriting commitments	Amount as determined through adjustment	-	-	-
3.4	Negative equity of subsidiary	Nil	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	Amount as determined through adjustment	-	-	-
3.5	Foreign exchange agreements and foreign currency positions	Nil	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	Amount as determined through adjustment	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.6	Amount payable under REPO	Balance sheet value	Carrying value	Carrying value	-	-	-
3.7	Repo adjustment	Nil	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	Amount as determined through adjustment	-	-	-
3.8	Concentrated proprietary positions	Nil	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 value of a security exceeds 51% of the proprietary position, then 10% of the value of such security	Amount as determined through adjustment	-	-	-
3.9	Opening Positions in futures and options	Nil	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	Amount as determined through adjustment	-	-	-
3.10	Short sell positions	Nil	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	Amount as determined through adjustment	-	-	-
3.11	Total Ranking Liabilities			Total determined amount	-		-

79,864,314

23,653,708

Liquid Balance Balance

23,653,708

29 Information required by regulation 34 of Securities

Broker Regulations 2016		2024	2023
a)	Customer shares in the central depository system	8,017,893	13,336,538
	Customer's cash in bank account - PKR	28,201,882	9,027,959
b)	Securities pledged with financial institutions	840,940	-
c)	Pattern of shares:		
	Chaudhry Zahid Hussain	382,500	321,300
	Bashir Ahmad Bajwa	3,750	3,150
	Syed Abbas Raza	363,750	305,550
	Total no of shares	750,000	630,000
d)	Changes in shareholding:		
	Shares issued during the year to Chaudhary Zahid Hussain	61,200	66,300
	Shares issued during the year to Bashir Ahmed Bajwa	600	650
	Shares issued during the year to Syed Abbas Raza	58,200	63,050
e)	Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the statement of profit or loss.		
f)	Aging analysis of amount due from customers		
	Due not more than 5 days - PKR	1,587,200	3,033,050
	Due more than 5 days - PKR	18,448,863	34,774,526

30 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties include directors, major shareholders, key management personnel, senior executives and entities over which the directors are able to exercise influence. Transaction with related parties are on arm's length basis (except for where stated else wise). Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Other Transactions are disclosed in below note

	2024		
	Chief Executive	Director	Total
Purchase of marketable securities for and on behalf	4,646,981	-	4,646,981
Sale of marketable securities for and on behalf	4,923,440	-	-
Brokerage & other Income	17,899	35,240	53,139
	9,588,320	35,240	4,700,120

	2023		
	Chief Executive	Director	Total
Purchase of marketable securities for and on behalf	38,161	1,184,690	1,222,851
Sale of marketable securities for and on behalf	76,830	225,260	302,090
Brokerage & other Income	1,252	12,872	14,124
	116,243	1,422,822	1,539,065

31 Restatement

Correction of errors

Previously the company recorded payments for building in intangible assets erroneously, the cost pertaining to transferred building were not taken to Property and equipment and so no depreciation was charged now the error has been rectified and comparative had been restated and recorded as follows

As at 30 June 2022 (Previously stated)		Rupees		As at 30 June 2022 (rest)
		Debit	Credit	
Statement of Financial position				
Property and equipme	1,839,003	5,921,669		7,760,672
Unappropriated profit/	(5,087,598)	1,078,331		(6,145,929)
Intangible assets	9,694,827		7,000,000	2,694,827
As at 30 June 2023 (Previously stated)		Rupees		As at 30 June 2023 (rest)
		Debit	Credit	
Statement of Financial position				
Property and equipme	1,799,369	11,594,430		13,393,799
Unappropriated profit/	6,382,921	2,014,545		4,368,376
Intangible assets	12,925,344		10,250,000	2,675,344
Trade and other payal	8,034,392		2,790,000	10,824,392
Deferred taxation	424,091		568,975	993,066
Statement of Profit and Loss				
Depreciation expense		367,239		367,239
		568,975		568,975

32 FINANCIAL RISK MANAGEMENT

- 32.1 The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly to react to change in market conditions and the Company's activities.

Risks measured and managed by the Company are explained below:

32.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuers or the instruments, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

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

31.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

- Fair value risk - Presently, fair value risk to the Company arises from exposure margins with NCCPL. As at June 30, 2024, the impact of increase / decrease in fixed interest rates by 100 basis points would not have a material impact on the profit after tax of the Company

31.2.2 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The company does not have any foreign currency exposures.

31.2.3 Price risk

Price risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate due to 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. As at June 30, 2024, the Company is exposed to Investment in listed equity securities.

If the price of quoted shares change by 10% at year end with other variables held constant, then the profit for the year would have increased/decreased by Rs. 1,019,809 (2023: Rs. 1,167,135).

32.3 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024 Rupees	2023 Rupees
Long term investments	10,198,088	11,671,348
Long term deposits	2,880,000	1,600,000
Trade and other receivable - net	18,539,158	38,104,867
Short Term Advances and Deposits	1,630,167	2,528,605
Bank balances	28,935,411	9,755,852
	<u>62,182,824</u>	<u>63,660,672</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating		Agency	2024	2023
	Short Term	Long Term		Rupees	
Bank Al-Habib	A1+	AAA	PACRA	8,008,135	4,012,463
Habib Bank Limited	A1+	AAA	PACRA	20,214,224	5,178,977
				<u>28,222,359</u>	<u>9,191,440</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal. The provision for expected credit loss has been provided on customer receivables on the basis of risk profile as per note 8.

32.4 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and also ensures availability of funding through credit facilities.

The analysis below summarizes the Company's financial liabilities (based on contractual undiscounted cash flows) into relevant maturity group on the remaining period as at the reporting date:

	Contractual Cash flows	Less than One Year	Between one to Five Years
2024			
Financial Liabilities			
Trade and other payables	8,712,140	8,712,140	-
2023			
Financial Liabilities			
Trade and other payables	10,824,392	10,824,392	-

33 RE-ARRANGEMENTS

The following rearrangements were made owing to change in accounting policy of recognizing minimum and final taxes as levy instead of current tax under the guidance for taxes issued by ICAP as per IAS 8 resulting in disclosing minimum taxes as levies without any restatement effect in prior years due to immaterial impact.

	This year disclosed as	Last year shown in
33.1 Taxation: current (2023: Rs 82,024)	Levies	Current Tax

34 Fair Value of Financial Instruments

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. Consequently, differences may arise between the carrying value and the fair value estimates. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements

Fair value hierarchy

have been defined as follows: - quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1); - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and - inputs for the asset or liability that are not based on observable market data (level 3). The level in the fair value hierarchy within which the fair value measurement of a financial instrument is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement of that financial instrument.

	As at June 30, 2024			As at June 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss						
Quoted Shares	10,198,088			11,671,348		
Financial Assets at Fair Value Through Other Comprehensive Income						

35 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The proportion of borrowings to

	2024	2023
Total Borrowings	-	-
Total Equity	78,204,505	67,368,376
	<u>78,204,505</u>	<u>67,368,376</u>
Gearing Ratio	0%	0%

36 CASH FLOWS FROM FINANCING ACTIVITIES

Opening balance
Cash received
Shares issued for cash

	2024 Rupees	2023 Rupees
Loan from Director	685,000	6,931,996
	<u>11,315,000</u>	<u>6,753,004</u>
	<u>(12,000,000)</u>	<u>(13,000,000)</u>
	<u>(685,000)</u>	<u>(6,246,996)</u>
	<u>-</u>	<u>685,000</u>

37 EVENTS AFTER REPORTING DATE

There were no subsequent events that may require adjustment or disclosure in the financial statements as at reporting date.

38 GENERAL

The figures have been rounded off to the nearest Rupee

39 NUMBER OF EMPLOYEE

Number of persons employed
Average number of employees during the year

	2024	2023
Number of persons employed	5	5
Average number of employees during the year	5	5

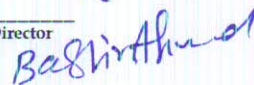
40 DATE OF AUTHORIZATION

These financial statements have been authorized by the Board of Directors of the Company on 28 October 2024.


Chief Executive Officer




Director


Director

