

**BRAINS SECURITIES (PVT) LTD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

**Independent Auditor's Report to the members of BRAINS SECURITIES (PVT) LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **BRAINS SECURITIES (PVT) LIMITED**, which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

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

Management is responsible for the other information. The other information comprises the Directors' Report.

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

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

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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



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

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

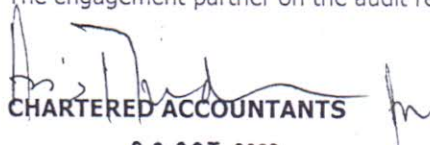
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015 and Section 62 of the Futures Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 and the Futures Brokers (Licensing and Operations) Regulations, 2018 as at the date on which the financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Daoud.



CHARTERED ACCOUNTANTS

Lahore:

28 OCT 2022

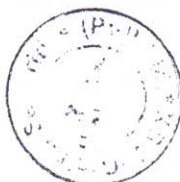
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**BRAINS SECURITIES (PVT) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

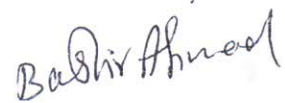
	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	1,839,003	2,082,839
Intangible assets	5	9,694,827	9,716,475
Long term investment	6	20,516,912	16,764,123
Long term deposits	7	1,500,000	1,500,000
Deferred tax asset	15	-	2,693,828
		33,550,742	32,757,265
<b>CURRENT ASSETS</b>			
Account receivables	8	29,314,791	24,001,542
Loans and advances	9	980,581	978,183
Trade deposits, short term prepayments and current account balance with statutory authorities	10	2,777,880	18,832,000
Cash and bank balances	11	14,009,986	12,262,126
		47,083,238	56,073,851
		<u>80,633,980</u>	<u>88,831,116</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Issued, subscribed and paid up capital	12	50,000,000	50,000,000
Revenue reserve			
Accumulated loss		(5,067,598)	(5,883,540)
Capital reserve			
Fair value adjustment reserve	13	16,081,925	15,453,856
		<u>61,014,327</u>	<u>59,570,316</u>
<b>LONG TERM LOAN FROM RELATED PARTIES</b>	14	<u>6,931,996</u>	<u>1,183,000</u>
		67,946,323	60,753,316
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	15	-	-
<b>CURRENT LIABILITIES</b>			
Deposits, accrued liabilities and advances	16	3,986,518	8,562,947
Trade and other payables	17	8,029,619	18,634,606
Provision for taxation		671,520	880,247
		12,687,657	28,077,800
<b>CONTINGENCIES AND COMMITMENTS</b>	18	-	-
		<u>80,633,980</u>	<u>88,831,116</u>

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

CHIEF EXECUTIVE

DIRECTOR





**BRAINS SECURITIES (PVT) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
Brokerage and commission	20	20,622,919	41,053,005
Capital loss on marketable securities		-	(16,942)
		20,622,919	41,036,063
Direct cost	21	(9,720,684)	(17,301,515)
		10,902,235	23,734,548
Operating expenses	22	(11,868,179)	(18,839,859)
Other operating expenses	23	(90,060)	(2,643,499)
Other income	24	5,568,599	1,470,821
		(6,389,640)	(20,012,536)
<b>PROFIT FROM OPERATIONS</b>		4,512,595	3,722,012
Finance cost	25	(20,374)	(13,320)
<b>PROFIT BEFORE TAXATION</b>		4,492,221	3,708,692
Taxation	26	(3,676,279)	1,588,776
<b>PROFIT FOR THE YEAR</b>		815,942	5,297,468
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	27	1.63	14.11

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

CHIEF EXECUTIVE



DIRECTOR

**BRAINS SECURITIES (PVT) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
Profit for the year	815,942	5,297,468
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 available for sale investment	628,069	242,166
Other comprehensive income for the year	628,069	242,166
<b>Total comprehensive income for the year</b>	<b>1,444,011</b>	<b>5,539,634</b>

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

  
**CHIEF EXECUTIVE**



  
**DIRECTOR**



**BRAINS SECURITIES (PVT) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Share Capital	Capital Reserves	Revenue Reserves	Capital Reserves			
Paid up capital	Share deposit money	Accumulated loss	Fair value adjustment reserve	Sub Total	Long term loan	Total

----- (R u p e e s) -----

Balance as at June 30, 2020 35,000,000 - (11,181,007) 15,211,690 39,030,683 1,183,000 40,213,683

Share capital issued during the year 15,000,000 - - - 15,000,000 - 15,000,000

Profit after taxation - - 5,297,467 - 5,297,467 - 5,297,467

Other comprehensive income - - - 242,166 242,166 - 242,166

Total comprehensive income for the year - - 5,297,467 242,166 5,539,633 - 5,539,633

Balance as at June 30, 2021 50,000,000 - (5,883,540) 15,453,856 59,570,316 1,183,000 60,753,316

Loan received during the year - - - - - 5,748,996 5,748,996

Profit after taxation - - 815,942 - 815,942 - 815,942

Other comprehensive income - - - 628,069 628,069 - 628,069

Total comprehensive income for the year - - 815,942 628,069 1,444,011 - 1,444,011

Balance as at June 30, 2022 50,000,000 (5,067,598) 16,081,925 61,014,327 6,931,996 67,946,323

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

CHIEF EXECUTIVE



DIRECTOR





BRAINS SECURITIES (PVT) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,492,221	3,708,691
Adjustments of items not involving movements of cash:			
Depreciation	5	243,836	279,257
Reveral/(provision) for doubtful debts		(3,780,110)	2,518,324
Amortization	6.2	21,648	24,053
		(3,514,626)	2,821,634
Operating cash flows before working capital changes		977,595	6,530,324
(Increase) / Decrease in working capital			
(Increase) / decrease in current assets			
Account receivables		(1,533,139)	(14,893,149)
Loan and advances		(2,398)	698,784
Trade deposits and short term prepayments		16,054,120	(14,150,340)
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		(4,576,429)	3,729,954
Trade and other payables		(10,604,987)	7,865,871
		(662,833)	(16,748,880)
Cash used in operations		314,762	(10,218,555)
Taxes paid		(1,191,178)	(192,409)
Net Cash used in operations		(876,416)	(10,410,964)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		-	(244,500)
Long term investment purchased		(3,124,720)	-
Net cash flows from investing activities		(3,124,720)	(244,500)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds received against issuance of shares		-	15,000,000
Loan received from related parties		5,748,996	-
Net cash flows from financing activities		5,748,996	15,000,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,747,860	4,344,536
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		12,262,126	7,917,590
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	14,009,986	12,262,126
<b>A Cash and Cash Equivalents</b>			
Cash and bank balances	12	14,009,986	12,262,126
		14,009,986	12,262,126

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

CHIEF EXECUTIVE



DIRECTOR



**BRAINS SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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 for Small and Medium Sized Entities (IFRS for SMEs) 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
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- 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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized. 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.

Gain or loss on disposal of property and equipment, if any is taken to profit or loss.

#### 3.2 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount. 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.

##### 3.2.1 Membership card and offices

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

##### 3.2.2 Computer Software

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

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

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

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

Amortization is charged when asset is available for use until asset is disposed off.

#### 3.3 FINANCIAL ASSETS


Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### 3.3.1 Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with nature of investment.

##### 3.3.2 At fair value through profit or loss

Investments classified as held for trading are included in the category of financial assets at fair value through profit or loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.





All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit or loss of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on reporting date.

### **3.3.3 Available-for-sale**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are premeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit or loss as re-classification adjustment.

### **3.3.3 Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the statement of financial position.

## **3.4 FINANCIAL LIABILITIES**

Financial liabilities are initially measured at cost, which is the fair value, of the consideration given and subsequently carried at amortized cost using effective interest rate method.

## **3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements 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 realise the asset and settle the liability simultaneously.

## **3.6 TRADE DEBTS AND OTHER RECEIVABLES**

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables 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 receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.


The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

## **3.7 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of statement of cash flows; cash and cash equivalents comprise cash in hand, bank balances and running finances.

## **3.8 BORROWINGS**

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.





In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognised as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

### 3.9 TAXATION

#### Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits, imposed by the taxation laws.

#### Deferred

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

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the income statement, 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.

### 3.10 TRADE AND OTHER PAYABLES

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

### 3.11 PROVISIONS


Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.





### 3.12 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 it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### 3.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

### 3.14 IMPAIRMENT OF NON-FINANCIAL ASSETS


The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 3.15 REVENUE RECOGNITION

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

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.
  - Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
  - Gains/(losses) arising on sale of investments are included in the profit or loss in the period in which they arise.
  - Dividend income is recorded when the right to receive the dividend is established.
  - Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
  - Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
  - Other revenues are recorded, as and when due, on accrual basis.
- 

### 3.16 BASIC AND DILUTED EARNINGS PER SHARE


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

### 3.17 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

### 3.18 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. 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.





#### 4 PROPERTY AND EQUIPMENT

Particulars	Cost			Accumulated Depreciation				WIDV	
	As at June 30, 2021	Additions	(Deletions)	As at June 30, 2022	Rate %	As at June 30, 2021	Charge for the year	(Adjustment)	As at June 30, 2022

Ruppes-----

Ruppes-----

##### OWNED

Building	824,728	-	-	824,728	10	190,099	63,463	-	253,562	571,166
Furniture and fittings	969,847	-	-	969,847	10	373,580	59,627	-	433,207	536,640
Office equipment	934,970	-	-	934,970	10	260,788	67,418	-	328,206	606,764
Computers	707,251	-	-	707,251	30	529,490	53,328	-	582,818	124,433
	3,436,796	-	-	3,436,796		1,353,957	243,836	-	1,597,793	1,839,003

#### 4.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Accumulated Depreciation				WDV	
	As at June 30, 2020	Additions	(Deletions)	As at June 30, 2021	Rate %	As at June 30, 2020	Charge for the year	(Adjustment)	As at June 30, 2021

Ruppes-----

Ruppes-----

##### OWNED

Building	824,728	-	-	824,728	10	119,585	70,514	-	190,099	634,629
Furniture and fittings	924,347	45,500	-	969,847	10	308,170	65,410	-	373,580	596,267
Office equipment	812,970	122,000	-	934,970	10	188,139	72,649	-	260,788	674,182
Computers	630,251	77,000	-	707,251	30	458,806	70,684	-	529,490	177,761
	3,192,296	244,500	-	3,436,796		1,074,700	279,257	-	1,353,957	2,082,839

#### 4.2 Allocation of Depreciation:

		Note	Ruppes 2022	Ruppes 2021
Operating expenses	22		243,836	279,257

	Note	2022 Rupees	2021 Rupees
<b>5 INTANGIBLE ASSETS</b>			
Rights of room		7,000,000	7,000,000
Trading right entitlement certificate (TREC)	5.1	2,500,000	2,500,000
Computer software	5.2	194,827	216,475
		<u>9,694,827</u>	<u>9,716,475</u>

- 5.1 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. The Trading Right Entitlement Certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business.

	Note	2022 Rupees	2021 Rupees
<b>5.2 Software</b>			
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,		165,525	141,472
Charge for the year	22	21,648	24,053
Balance as at June 30,		187,173	165,525
Net book value		<u>194,827</u>	<u>216,475</u>
Rate of amortization		<u>10%</u>	<u>10%</u>

## 6 LONG TERM INVESTMENT

### Unquoted - Shares of LSE Financial Services Limited:

#### Available for sale investment

Cost as at July 01,	1,310,267	1,310,267
Add: Share purchased during the year	3,124,720	-
	<u>4,434,987</u>	<u>1,310,267</u>
Fair value adjustment	16,081,925	15,453,856
	<u>20,516,912</u>	<u>16,764,123</u>

- 6.1 This represents the investment in 1,093,652 (2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited. The Company has pledged 781,180 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement. The Company, as per its policy, the valuation of the aforementioned investments have been made on the basis (technique) of Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate and growth rate. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

	Note	2022 Rupees	2021 Rupees
<b>7 LONG TERM DEPOSITS</b>			
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,400,000	1,400,000
Central Depository Company of Pakistan Ltd.		100,000	100,000
		<u>1,500,000</u>	<u>1,500,000</u>

## 8 ACCOUNT RECEIVABLES

Receivable from clients on account of:

Clients on account of purchase of shares	8.1	33,376,586	23,154,329
Related parties on account of purchase of shares		1,218,771	2,823,111
Balances written off		-	(12,845)
		34,595,357	25,964,595
Less: Provision for doubtful debts	8.2	(6,058,094)	(9,838,204)
		28,537,263	16,126,391
National Clearing Company of Pakistan Ltd.		777,528	7,875,151
		<u>29,314,791</u>	<u>24,001,542</u>

8.1 Receivable from related parties comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2022 Rupees	2021 Rupees
Chaudhry Zahid Hussain	Chief Executive	2,614,298	619,386	2,211,445
Syed Abbas Raza	Major Shareholder	611,666	599,385	611,666
			<u>1,218,771</u>	<u>2,823,111</u>

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

	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2022
	Rupees			
Chaudhry Zahid Hussain	-	-	619,386	619,386
Syed Abbas Raza	-	-	599,385	599,385
	-	-	<u>1,218,771</u>	<u>1,218,771</u>



	Note	2022 Rupees	2021 Rupees
<b>8.2 Movement is as follows</b>			
Opening balance		9,838,204	7,332,725
(Reversal)/ provision made during the year	23	(3,780,110)	2,518,324
Balances written off		-	(12,845)
		<u>6,058,094</u>	<u>9,838,204</u>

### 8.3 Aging Analysis

Upto five days	2,497,096	3,497,990
More than five days	26,040,167	12,628,401
	<u>28,537,263</u>	<u>16,126,391</u>

## 9 LOANS AND ADVANCES

(Unsecured but considered good by the management)

Advances to:

Employees

980,581	978,183
<u>980,581</u>	<u>978,183</u>

## 10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES

Deposits with:

National Clearing Company of Pakistan Ltd.

10.1	2,777,880	18,832,000
	<u>2,777,880</u>	<u>18,832,000</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 3% to 6% (2021: 3% to 5%) per annum.

	Note	2022 Rupees	2021 Rupees
<b>11 CASH AND BANK BALANCES</b>			
These were held as under:			
Cash in hand		741,445	801,150
Cash at bank			
Current accounts:			
Pertaining to brokerage house		340,377	369,422
Pertaining to clients		12,928,164	11,091,554
		<u>13,268,541</u>	<u>11,460,976</u>
		<u>14,009,986</u>	<u>12,262,126</u>

## 12 SHARE CAPITAL

### Authorized

500,000 (2021: 500,000) ordinary shares  
of Rs.100 each

50,000,000      50,000,000

### Issued, subscribed and paid up

500,000 (2021: 500,000) ordinary shares  
of Rs.100 each fully paid in cash

12.1

50,000,000      50,000,000

### 12.1 Pattern of Shareholding:

#### Categories of shareholders Individuals

#### Chief Executive

Chaudhary Zahid Hussain

51.0%

51.0%

255,000

255,000

#### Director

Bahsir Ahmad Bajwa

0.5%

0.5%

2,500

2,500.00

#### Shareholder

Syed Abbas Raza

48.5%

48.5%

242,500

242,500.00

100%

100%

500,000

500,000

## 13 FAIR VALUE ADJUSTMENT RESERVE

This represents accumulated gain on available for sale investment and it will be reclassified to statement of profit or loss upon disposal of related investment.

## 14 LONG TERM LOAN FROM RELATED PARTIES

Note

2022  
Rupees

2021  
Rupees

Loan from:

Mr. Zahid Hussain - Chief Executive

14.1

3,807,276

1,183,000

Mr. Syed Abbas Raza - Shareholder

14.1

3,124,720

-

6,931,996

1,183,000

- 14.1 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.

		2022 Rupees	2021 Rupees
<b>15 DEFERRED TAXATION</b>			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		152,281	159,251
Provision for doubtful debts		(1,756,847)	(2,853,079)
Alternative corporate tax		(556,462)	-
Deferred tax asset not recognised		2,161,028	
		<u>-</u>	<u>(2,693,828)</u>
Balance as at July 01,		(2,693,828)	-
Add: Charge/reversal for the year in profit or loss		2,693,828	(2,693,828)
		<u>-</u>	<u>(2,693,828)</u>

- 15.1 At the year end, net deductible temporary differences and tax credits resulted in a net deferred tax asset of Rs.2,159,810. However, deferred tax asset 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, 2023. Alternate corporate taxes paid amounting Rs. 555,244 pertaining to current year will expire on year ended June 30, 2032.

		2022 Rupees	2021 Rupees
<b>16 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES</b>			
Accrued expenses	16.1	3,771,283	8,437,772
Punjab worker's welfare fund	22	215,235	125,175
		<u>3,986,518</u>	<u>8,562,947</u>

- 16.1 This includes remuneration payable to Mr. Zahid Hussain, Chief Executive of the company amounting Rs.472,447 (2021: 285,000).

	Note	2022 Rupees	2021 Rupees
<b>17 TRADE AND OTHER PAYABLES</b>			
Creditors for sale of shares on behalf of clients	18.1&18.2	6,664,479	16,880,168
Tax deducted at source payable		1,365,140	1,754,438
		<u>8,029,619</u>	<u>18,634,606</u>

- 17.1 The total value of securities pertaining to clients is Rs. 101,769,716 (2021: Rs. 194,618,996) held in sub-accounts of the Company. No client's security is pledged with the financial institutions except with National Clearing Company of Pakistan Limited amounting Rs. 18,993,627 (2021: Rs.24,674,368) for exposure margin.

- 17.2 This include following payable due to related parties:

Name of related party	Basis of relationship	2022 Rupees	2021 Rupees
Saad Zahid Chaudary	Relative of Chief Executive having nil shareholding	245,260	5,444
		<u>245,260</u>	<u>5,444</u>



## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

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.

### 18.2 Commitments

Commitments as at reporting date were Rs. Nil (2021: Rs. Nil).

		2022 Rupees	2021 Rupees
19	<b>BROKERAGE AND COMMISSION</b>		
	Brokerage and commission	23,922,586	47,621,486
	Less: Sales tax	(3,299,667)	(6,568,481)
		<u>20,622,919</u>	<u>41,053,005</u>

19.1 Commission from retail customers includes the commission earned from following related parties:

Name of related party	Basis of relationship	Note	2022 Rupees	2021 Rupees
Chaudary Zahid Hussain	Chief Executive		11,056.00	49,143
Shagufta Zahid Chaudary	Relative of Chief Executive		-	7,396
Rizwan Zafar Khan	Ex-Director		-	33,490
Syed Abbas Raza	Major Shareholder		-	302
			<u>11,056</u>	<u>90,331</u>

### 20 DIRECT COST

Charges paid to:

National Clearing Company of Pakistan Ltd.		715,697	1,259,766
Central Depository Company of Pakistan Ltd.		190,186	292,502
Pakistan Stock Exchange Ltd.		949,577	1,777,816
Commission/incentive paid	20.1	<u>7,865,224</u>	<u>13,971,431</u>
		<u>9,720,684</u>	<u>17,301,515</u>

20.1 This includes amount paid to Chaudary Zahid Hussain-Chief Executive of the company amounting Rs.923,908 (2021: Rs. 297,246).

	Note	2022 Rupees	2021 Rupees
<b>21 OPERATING EXPENSES</b>			
Directors' remuneration		3,600,000	3,420,000
Staff salaries and benefits		5,716,000	11,674,900
Rent, rates and taxes		30,000	43,071
Communication expenses		131,796	229,675
Postage and courier		13,450	17,739
Utility charges		270,176	232,341
Travelling and conveyance		50,300	64,100
Printing and stationery		80,770	89,184
Repair and maintenance		242,831	326,426
Legal and professional charges	21.1	327,137	557,050
Fee and subscription		69,490	129,640
Entertainment		508,231	853,961
Insurance expense		-	2,761
Software expenses		324,204	753,519
Depreciation	4	243,836	279,257
Amortization	5.2	21,648	24,053
Miscellaneous		238,310	142,182
		<u>11,868,179</u>	<u>18,839,859</u>

#### 21.1 Auditors' remuneration

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

	Note	2022 Rupees	2021 Rupees
<b>Amin, Mudassar &amp; Co.</b>			
<b>Chartered Accountants</b>			
Statutory audit		110,000	94,500
Certification fee for regulatory purposes		73,762	98,750
		<u>183,762</u>	<u>193,250</u>

#### 22 OTHER OPERATING EXPENSES

Provision for doubtful debts	-	2,518,324
Punjab workers welfare fund	90,060	125,175
	<u>90,060</u>	<u>2,643,499</u>

#### 23 OTHER INCOME

##### Income from financial assets

Dividend income	1,288,947	546,826
Interest income	499,343	681,995
Reversal of provision for doubtful debts	3,780,110	-
	<u>5,568,400</u>	<u>1,228,821</u>

##### Income from assets other than financial assets

Other income	199	242,000
	<u>199</u>	<u>242,000</u>
	<u>5,568,599</u>	<u>1,470,821</u>



	Note	2022 Rupees	2021 Rupees
<b>24 FINANCE COST</b>			
Bank charges		<u>20,374</u>	<u>13,320</u>
<b>25 TAXATION</b>			
Income tax:			
-Current		950,056	1,105,052
-Prior		32,395	-
-Deferred		<u>2,693,828</u>	<u>(2,693,828)</u>
		<u>3,676,279</u>	<u>(1,588,776)</u>

**25.1 Reconciliation of tax expense and accounting profit:**

	Note	2021 Rupees
Profit before tax		<u>3,708,692</u>
Tax on profit before tax @ 29%		1,075,521
Tax effect on inadmissible expense		846,091
Tax effect on admissible expense		(124,033)
Effect of deferred tax		(2,693,828)
Tax on income under final tax regime		63,651
Adjustment of tax credits		<u>(756,178)</u>
		<u>(1,588,776)</u>

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

	2022	2021
<b>26 EARNINGS PER SHARE- BASIC AND DILUTED</b>		
Profit for the year-Rupees	<u>815,942</u>	<u>5,297,468</u>
Weighted average number of ordinary shares outstanding during the year -Numbers	<u>500,000</u>	<u>375,479</u>
Earnings per share-Rupees	<u>1.63</u>	<u>14.11</u>

## Financial liabilities

### At amortized cost

Deposits, accrued liabilities and advances  
Trade and other payables

3,986,518	8,562,947
<u>6,664,479</u>	<u>16,880,168</u>
<u>10,650,997</u>	<u>25,443,115</u>

## 29 NUMBER OF EMPLOYEES

	2022 ( N u m b e r )	2021 ( N u m b e r )
Total number of employees at the end of year	<u>7</u>	<u>12</u>
Average number of employees during the year	<u>7</u>	<u>12</u>

## 30 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever needed for the purpose of better presentation. However, there were no material rearrangement to report.

## 31 GENERAL

Figures have been rounded off to the nearest of rupee.



## 32 LIQUID CAPITAL BALANCE

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.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	1,839,003	100.00%	-
1.2	Intangible Assets	9,694,827	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	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%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	<b>If unlisted than:</b>			
	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%	-
	<b>Investment in Equity Securities</b>			
	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.	-	-	-
	ii. If unlisted, 100% of carrying value.	20,516,912	100.00%	-
1.5	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. are not included in the investments of securities broker	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
	<b>Investment in associated companies/undertaking</b>			
1.7	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.	1,500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	2,777,880	-	2,777,880
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	Receivables other than trade receivables	980,581	100.00%	-
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	777,528	-	777,528
	ii) Receivable on entitlements against trading of securities in all markets including MTM gains.	-	-	-
	<b>Receivables from customers</b>			
	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 finnee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	5.00%	-



S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.17	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. <i>Net amount after deducting haircut</i>	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. <i>Balance sheet value</i>	1,278,325	-	1,278,325
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. <i>Lower of net balance sheet value or value determined through adjustments</i>	26,040,167		5,008,607
	vi. <i>100% haircut in the case of amount receivable from related parties.</i>	1,218,771	100.00%	-
1.18	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	340,377	-	340,377
	ii. Bank balance-customer accounts	12,928,164	-	12,928,164
	iii. Cash in hand	741,445	-	741,445
1.19	<b>Total Assets</b>	80,633,980		23,852,326

## 2. Liabilities

2.1	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	6,664,479	-	6,664,479
2.2	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	1,580,375	-	1,580,375
	ii. Accruals and other payables	3,771,283	-	3,771,283
	iii. Short-term borrowings	-	-	-
	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	671,520	-	671,520
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	<b>Non-Current Liabilities</b>			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits	-	-	-
	iii. 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.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	<b>Subordinated Loans</b>			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange	-	-	-
2.5	<b>Total Liabilities</b>	12,687,657		12,687,657

## 3. Ranking Liabilities Relating to :

3.1	<b>Concentration in Margin Financing</b>			
	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.	-	-	-
	<b>Concentration in securities lending and borrowing</b>			



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.2	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	-	-	-
	<b>Net underwriting Commitments</b>			
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting  (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
	<b>Negative equity of subsidiary</b>			
3.4	The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	<b>Foreign exchange agreements and foreign currency positions</b>			
3.5	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	-	-	-
	<b>Repo adjustment</b>			
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.	-	-	-
	<b>Concentrated proprietary positions</b>			
3.8	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	-	-	-
	<b>Opening Positions in futures and options</b>			
3.9	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	-	-	-
	<b>Short sell positions</b>			
3.10	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	<b>Total Ranking Liabilities</b>	-	-	-

Liquid Capital Balance

67,946,323

11,164,669

11,164,669

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## CERTIFICATE OF CAPITAL ADEQUACY LEVEL

We, being the statutory auditor of M/s. Brains Securities (Pvt) Limited, certify that the following information is correct and authenticated by us after due diligence from our side as at June 30, 2022.

	Note	<u>RUPEES</u>
Total Assets	1	80,633,980
Less: Total Liabilities		12,687,657
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		<u><u>67,946,323</u></u>

**Note:**

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

  
CHARTERED ACCOUNTANTS

Dated: 28 OCT 2022

## CERTIFICATE OF CAPITAL ADEQUACY LEVEL

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Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
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**Note:**

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

  
CHARTERED ACCOUNTANTS

Dated: 28 OCT 2022





0866-CEK2VY-001 BRAINS SEC PVT HBL FreedomAccount Pakistan Rupee  
0866-79001488-03  
IBAN PK15 HABB 0008 6679 0014 8803

Particulars	Debits	Credits Posted	Account balance
CHQ Paid-CLG	Credit balance 03JAN	57,676.38CR	
00002115	54,034.00-	03JAN	3,642.38CR
CHQ Transfer	100,000.00 03JAN		103,642.38CR
00001324			
BRAINS SEC PVT	37,500.00-	03JAN	66,142.38CR
CHQ Transfer			
00002124			
MUHAMMAD FAHEM			
08667900162103			
CHQ Transfer	14,500.00-	03JAN	51,642.38CR
00002122			
KHURRAM SHAHZAD			
08667900203703			
CHQ Transfer	200,000.00 04JAN		251,642.38CR
00001326			
BRAINS SEC PVT			
CHQ Transfer	30,500.00-	04JAN	221,142.38CR
00002123			
AMIR KHUSHI			
08667900204103			
	Credit balance 04JAN		221,142.38CR
	Available balance 04JAN		221,142.38CR
END OF REPORT			

## CERTIFICATE OF CAPITAL ADEQUACY LEVEL

We, being the statutory auditor of M/s. Brains Securities (Pvt) Limited, certify that the following information is correct and authenticated by us after due diligence from our side as at June 30, 2022.

	Note	<u>RUPEES</u>
Total Assets	1	80,633,980
Less: Total Liabilities		12,687,657
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		<u>67,946,323</u>

**Note:**

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

  
CHARTERED ACCOUNTANTS

Dated: 28 OCT 2022