

**BRAINS SECURITIES (PVT) LTD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

# AMIN, MUDASSAR & CO.

Chartered Accountants

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Lahore Pakistan  
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October 30, 2023  
54/2023

The Board of Directors,  
BRAIN SECURITIES (PRIVATE) LIMITED,  
Room No. 613, 6th Floor,  
Lahore Stock Exchange Building,  
19- Khayaban-e-Aiwan-e-Iqbal,  
Lahore.

Dear Sirs,

## FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

We enclose two copies of the financial statements together with our initialed report to the members for the purpose of identification. We shall be pleased to sign our report in the present or amended form after:

- (a) The financial statements have been approved by the Board and signed by the Chief Executive and another designated director.
- (b) We have received management representation letter on the lines of the draft furnished to the Chief Financial Officer; and
- (c) We have seen Board's specific approval for the items given below:

	Rupees
Additions to fixed assets	180,200
Rights of room purchased	3,250,000
Due from related Party	
Syed Ali Raza - Relative of Director	1,071,429
Chaudary Zahid Hussain - Chief Executive	121,225
Loan repaid during the year	
Chaudary Zahid Hussain	3,122,276
Syed Abbas Raza	3,124,720
Balances written back	2,460,955

- (d) Minutes of meeting of board of directors wherein these financial statements have been approved; and
- (e) We have received director's report.

We wish to place on record our appreciation for the courtesy and cooperation extended to us by the company's personnel during the course of our audit.

Yours faithfully,

  
CHARTERED ACCOUNTANTS

## 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, 2023.

	Note	<u>RUPEES</u>
Total Assets	1	81,058,432
Less: Total Liabilities		10,990,511
Less: Revaluation Reserves		-
(created upon revaluation of fixed assets)		
Capital Adequacy Level		<u>70,067,921</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, 2023 as determined by Pakistan Stock Exchange has been considered.
2. Certificate of Capital Adequacy Level is an integral part of the financial statements for the year ended June 30, 2023.

  
CHARTERED ACCOUNTANTS

Dated: 31 OCT 2023

**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-(the company)**, which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and 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, 2023 and of the profit, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**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.

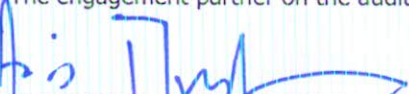
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 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 where applicable 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: 31 OCT 2023

UDIN: AR202310082GgvNldKsr

**BRAINS SECURITIES (PVT) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	1,799,369	1,839,003
Intangible assets	5	12,925,344	9,694,827
Long term investment	6	11,671,348	20,516,912
Long term deposits	7	1,600,000	1,500,000
		27,996,061	33,550,742
<b>CURRENT ASSETS</b>			
Account receivables	8	38,104,867	29,314,791
Loans and advances	9	2,673,047	980,581
Trade deposits, short term prepayments and current account balance with statutory authorities	10	2,528,605	2,777,880
Cash and bank balances	11	9,755,852	14,009,986
		53,062,371	47,083,238
		<u>81,058,432</u>	<u>80,633,980</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Issued, subscribed and paid up capital	12	63,000,000	50,000,000
Revenue reserve			
Unappropriated profit/(accumulated loss)		6,382,921	(5,067,598)
Capital reserve			
Fair value adjustment reserve	13	-	16,081,925
		69,382,921	61,014,327
<b>LONG TERM LOAN FROM RELATED PARTIES</b>			
	14	685,000	6,931,996
		70,067,921	67,946,323
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	15	424,091	-
<b>CURRENT LIABILITIES</b>			
Deposits, accrued liabilities and advances	16	1,620,988	3,986,518
Trade and other payables	17	8,034,392	8,029,619
Provision for taxation		911,040	671,520
		10,566,420	12,687,657
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18	-	-
		<u>81,058,432</u>	<u>80,633,980</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, 2023**

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	19	10,767,357	20,622,919
Direct cost	20	<u>(6,548,099)</u>	<u>(9,720,684)</u>
		4,219,258	10,902,235
Operating expenses	21	<u>(5,454,051)</u>	<u>(11,868,179)</u>
Other operating expenses	22	<u>(258,592)</u>	<u>(90,060)</u>
Other income	23	<u>14,429,260</u>	<u>5,568,599</u>
		<u>8,716,617</u>	<u>(6,389,640)</u>
<b>PROFIT FROM OPERATIONS</b>		12,935,875	4,512,595
Finance cost	24	<u>(6,281)</u>	<u>(20,374)</u>
<b>PROFIT BEFORE TAXATION</b>		12,929,594	4,492,221
Taxation	25	<u>(1,479,075)</u>	<u>(3,676,279)</u>
<b>PROFIT FOR THE YEAR</b>		<u><u>11,450,519</u></u>	<u><u>815,942</u></u>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	26	<u><u>22.65</u></u>	<u><u>1.63</u></u>

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, 2023**

	2023 Rupees	2022 Rupees
Profit for the year	11,450,519	815,942
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	-	628,069
Effect of reclassification of long term investment	(16,081,925)	
Other comprehensive (loss)/income for the year	(16,081,925)	628,069
Total comprehensive (loss)/income for the year	<u>(4,631,406)</u>	<u>1,444,011</u>

*[Signature]*

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

  
*[Signature]*  
**CHIEF EXECUTIVE**

  
*Bashir Ahmad*  
**DIRECTOR**

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

Share Capital	Revenue Reserves	Capital Reserves	Sub Total	Long term loans	Total
Paid up capital	Accumulated (loss)/Profit	Fair value adjustment reserve			

----- (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

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

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                      -                      11,450,519                      -                      11,450,519                      -                      11,450,519

Other comprehensive loss                      -                      -                      (16,081,925)                      (16,081,925)                      -                      (16,081,925)

Total comprehensive loss for the year                      -                      11,450,519                      (16,081,925)                      (4,631,406)                      -                      (4,631,406)

Balance as at June 30, 2023                      63,000,000      6,382,921                      -                      69,382,921      685,000      70,067,921

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



*[Signature]*



*[Signature]*  
DIRECTOR

**BRAINS SECURITIES (PVT) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,929,594	4,492,221
Adjustments of items not involving movements of cash:			
Depreciation	4	219,834	243,836
Reverl for doubtful debts		(3,871,501)	(3,780,110)
Gain on remeasurement of investment		(7,236,361)	-
Balances written back		(2,460,955)	
Amortization	5.3	19,483	21,648
		(13,329,500)	(3,514,626)
Operating cash flows before working capital changes		(399,906)	977,595
(Increase) / Decrease in working capital			
(Increase) / decrease in current assets			
Account receivables		(4,918,575)	(1,533,139)
Loan and advances		(1,692,466)	(2,398)
Trade deposits and short term prepayments		249,275	16,054,120
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		95,425	(4,576,429)
Trade and other payables		4,773	(10,604,987)
		(6,261,568)	(662,833)
Cash (used in)/generated from operations		(6,661,474)	314,762
Taxes paid		(815,464)	(1,191,178)
Net Cash used in operations		(7,476,938)	(876,416)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(180,200)	-
Long term investment purchased		-	(3,124,720)
Net cash used in investing activities		(180,200)	(3,124,720)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds received against issuance of shares		6,753,004	-
Long term deposits		(100,000)	-
Right of room purchased		(3,250,000)	-
Loan received from related parties		-	5,748,996
Net cash flows from financing activities		3,403,004	5,748,996
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,254,134)	1,747,860
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		14,009,986	12,262,126
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	9,755,852	14,009,986
<b>A Cash and Cash Equivalents</b>			
Cash and bank balances	11	9,755,852	14,009,986
		9,755,852	14,009,986

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, 2023**

**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
- 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 day in which an asset is ready to use while no depreciation is charged for the day 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 initially measured at cost and subsequently classified at fair value through profit or loss or at amortized cost. Management determines the classification of its financial assets at initial recognition.

#### **3.4 FINANCIAL LIABILITIES**

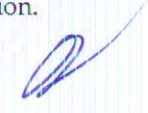
Financial liabilities are initially measured at cost, which is the fair value, of the consideration given and subsequently carried at amortized cost using effective interest rate method.

#### **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 CHANGE IN CLASSIFICATION OF FINANCIAL ASSETS**

The company has changed nomenclature of financial assets from "Loans and receivables" to "Amortised cost" for better representation. As a result, the company has considered affects due to application of these accounting policies and concluded that there is no material impact resulting from such adoption.



### 3.7 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.

### 3.8 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.

### 3.9 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.

## 4 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.

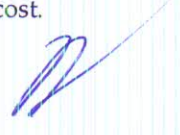
Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit 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			Depreciation			WDV
	As at June 30, 2022	Additions	(Deletions)	As at June 30, 2023	Rate %	As at June 30, 2022	As at June 30, 2023

Ruppes-----

Ruppes-----

##### OWNED

Building	824,728	-	-	824,728	10	253,562	57,117	-	310,679	514,049
Furniture and fittings	969,847	100,500	-	1,070,347	10	433,207	63,335	-	496,542	573,805
Office equipment	934,970	-	-	934,970	10	328,206	60,676	-	388,882	546,088
Computers	707,251	79,700	-	786,951	30	582,818	38,706	-	621,524	165,427
	3,436,796	180,200	-	3,616,996		1,597,793	219,834	-	1,817,627	1,799,369

#### 4.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Depreciation			WDV
	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

#### 4.2 Allocation of Depreciation:

Note 2023  
Ruppes

2022  
Ruppes

Operating expenses 22 219,834

243,836

	Note	2023 Rupees	2022 Rupees
<b>5 INTANGIBLE ASSETS</b>			
Rights of rooms		10,250,000	7,000,000
Trading right entitlement certificate (TREC)	5.1	2,500,000	2,500,000
Computer software	5.2	175,344	194,827
		<u>12,925,344</u>	<u>9,694,827</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	2023 Rupees	2022 Rupees
<b>5.3 Software</b>			
<b>Cost:</b>			
Balance as at July 01,		382,000	382,000
Additions during the year		-	-
Balance as at June 30,		382,000	382,000
<b>Amortization:</b>			
Balance as at July 01,		187,173	165,525
Charge for the year	22	19,483	21,648
Balance as at June 30,		206,656	187,173
<b>Net book value</b>		<u>175,344</u>	<u>194,827</u>
<b>Rate of amortization</b>		<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,		4,434,987	1,310,267
Add: Share purchased during the year		-	3,124,720
		<u>4,434,987</u>	<u>4,434,987</u>
Fair value adjustment		7,236,361	16,081,925
	6.2	<u>11,671,348</u>	<u>20,516,912</u>
<b>Movement in fair value reserve:</b>			
Opening balance		16,081,925	15,453,856
Accumulated reserve transferred to profit or loss		(16,081,925)	-
Gain on re-measurement of investment		7,236,361	628,069
		<u>7,236,361</u>	<u>16,081,925</u>

6.2 During the year, the company has received following shares of LSE PropTech Limited and LSE Venture Limited against shares of LSE Financial Services Limited under the scheme of compromises, arrangements and reconstruction as envisaged under the provisions of the Companies Act, 2017. Due to change in investments from un-quoted to quoted shares, the company has reclassified these investments from fair value through OCI to fair value through profit or loss and respective accumulated reserve has been charged to profit or loss.

	No. of shares	Value Rupees	Pledged Rupees	Pledged with
LSE PropTech Limited	382,965	1,842,062	1,656,925	Pakistan Stock Exchange for BMC
LSE Venture Limited	1,092,143	9,829,286	8,841,384	
	<u>1,475,108</u>	<u>11,671,348</u>	<u>10,498,309</u>	

	Note	2023 Rupees	2022 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.		100,000	-
Central Depository Company of Pakistan Ltd.		100,000	100,000
		<u>1,600,000</u>	<u>1,500,000</u>

#### 8 ACCOUNT RECEIVABLES

##### Receivable from clients on account of:

Clients on account of purchase of shares	8.1	37,451,724	33,376,586
Related parties on account of purchase of shares	8.1	1,518,242	1,218,771
		38,969,966	34,595,357
Less: Provision for doubtful debts	8.3	(2,186,593)	(6,058,094)
		36,783,373	28,537,263
National Clearing Company of Pakistan Ltd.		1,321,494	777,528
		<u>38,104,867</u>	<u>29,314,791</u>

##### 8.1 Receivable from related parties comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2023 Rupees	2022 Rupees
Chaudhry Zahid Hussain	Chief Executive	1,619,770	580,729	619,386
Bashir Ahmad Bajwa	Director	243,611	338,128	-
Syed Abbas Raza	Major Shareholder	599,385	599,385	599,385
			<u>1,518,242</u>	<u>1,218,771</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, 2023
	Rupees			
Chaudhry Zahid Hussain	-	580,729	-	580,729
Bashir Ahmad Bajwa	338,128	-	-	338,128
Syed Abbas Raza	-	-	599,385	599,385
	<u>338,128</u>	<u>580,729</u>	<u>599,385</u>	<u>1,518,242</u>

	Note	2023 Rupees	2022 Rupees
8.3 Movement is as follows			
Opening balance		6,058,094	9,838,204
Reversal made during the year	23	(3,871,501)	(3,780,110)
Balances written off		-	-
		<u>2,186,593</u>	<u>6,058,094</u>

##### 8.4 Aging Analysis

Upto five days	3,426,498	2,497,096
More than five days	33,356,875	26,040,167
	<u>36,783,373</u>	<u>28,537,263</u>

	Note	2023 Rupees	2022 Rupees
<b>9 LOANS AND ADVANCES</b>			
(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	-
Chaudary Zahid Hussain - Chief Executive	9.2 & 9.5	121,225	-
Employees		1,480,393	980,581
		<u>2,673,047</u>	<u>980,581</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>1,071,429</u>	<u>-</u>

**9.2 Chief Executive - Chaudary Zahid Hussain**

Balance as at July 01,	-	-
Disbursed during the year	172,145	-
Repayments/adjustments made during the year	(50,920)	-
	<u>121,225</u>	<u>-</u>

**9.3 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	-	-	121,225	1,071,429
Syed Ali Raza	-	121,225	-	121,225
	<u>-</u>	<u>121,225</u>	<u>121,225</u>	<u>1,192,654</u>

9.4 The maximum aggregate amount outstanding of Chaudary Zahid Hussain and Syed Ali Raza at the month-end balance was amounting Rs. 141,776 and Rs. 1,071,429 respectively.

9.5 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	2023 Rupees	2022 Rupees
<b>10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES</b>			
Deposits with:			
National Clearing Company of Pakistan Ltd.	10.1	2,528,605	2,777,880
		<u>2,528,605</u>	<u>2,777,880</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 7% to 16% (2022: 3% to 6%) per annum.

	Note	2023 Rupees	2022 Rupees
<b>11 CASH AND BANK BALANCES</b>			
These were held as under:			
Cash in hand		564,412	741,445
Cash at bank			
Current accounts:			
Pertaining to brokerage house		163,481	340,377
Pertaining to clients		9,027,959	12,928,164
		<u>9,191,440</u>	<u>13,268,541</u>
		<u><u>9,755,852</u></u>	<u><u>14,009,986</u></u>
<b>12 SHARE CAPITAL</b>			
<b>Authorized</b>			
750,000 (2022: 500,000) ordinary shares of Rs.100 each		75,000,000	50,000,000
<b>Issued, subscribed and paid up</b>			
630,000 (2022: 500,000) ordinary shares of Rs.100 each fully paid in cash	12.2	63,000,000	50,000,000
<b>12.1 Movement in issued, subscribed and paid up capital</b>			
Opening balance as at July 01, 630,000 (2022: 500,000) ordinary shares of Rs. 100 each		50,000,000	50,000,000
Ordinary shares issued during the year 130,000 ordinary shares of Rs. 100 each fully paid in cash		13,000,000	-
Closing balance as at June 30,		63,000,000	50,000,000
<b>12.2 Pattern of Shareholding:</b>			
		<div style="border: 1px solid black; padding: 2px; margin: 0 auto; width: fit-content;">% age of Shares Held</div>	<div style="border: 1px solid black; padding: 2px; margin: 0 auto; width: fit-content;">Number of Shares Held</div>
		<div style="border: 1px solid black; padding: 2px; margin: 0 auto; width: fit-content;">2023      2022</div>	<div style="border: 1px solid black; padding: 2px; margin: 0 auto; width: fit-content;">2023      2022</div>
<b>Categories of shareholders</b>			
<b>Individuals</b>			
<b>Chief Executive</b>			
Chaudhary Zahid Hussain	51.0%	51.0%	321,300          255,000
<b>Director</b>			
Bahsir Ahmad Bajwa	0.5%	0.5%	3,150            2,500.00
<b>Shareholder</b>			
Syed Abbas Raza	48.5%	48.5%	305,550         242,500.00
	100%	100%	630,000         500,000
<b>12.3 There is no variation in the rights of the shareholders.</b>			
<b>13 FAIR VALUE ADJUSTMENT RESERVE</b>			
Fair value adjustment reserve		-	16,081,925
<b>14 LONG TERM LOAN FROM RELATED PARTIES</b>	Note	2023 Rupees	2022 Rupees
Loan from:			
Mr. Zahid Hussain - Chief Executive	14.1	685,000	3,807,276
Mr. Syed Abbas Raza - Shareholder	14.1	-	3,124,720
		685,000	6,931,996

- 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. During the year, loans amounting Rs.3,122,276 and Rs.3,124,720 pertaining to Mr. Zahid Hussain and Mr. Syed Abbas Raza respectively have been adjusted against issuance of share capital.

15 DEFERRED TAXATION		2023 Rupees	2022 Rupees
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		153,658	159,251
Unrealized gain on long term investment		904,545	-
Provision for doubtful debts		(634,112)	(2,853,079)
Alternative corporate tax		(1,058,613)	-
Deferred tax asset not recognised		1,058,613	2,693,828
		<u>424,091</u>	<u>-</u>
Balance as at July 01,		-	-
Add: Charge for the year in profit or loss		424,091	-
		<u>424,091</u>	<u>-</u>

- 15.1 At the year end, net deductible temporary differences and tax credits resulted in a net deferred tax asset. However, deferred tax asset 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, 2024. Alternate corporate taxes paid amounting Rs. 437,398 and Rs. 621,215 pertaining to current and previous year will expire on year ended June 30, 2033 and June 30, 2032 respectively.

	Note	2023 Rupees	2022 Rupees
16 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		1,147,161	3,771,283
Punjab worker's welfare fund	22	473,827	215,235
		<u>1,620,988</u>	<u>3,986,518</u>
17 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	18.1&18.2	5,092,133	6,664,479
Payable against rights of room		2,150,000	-
Tax deducted at source payable		792,259	1,365,140
		<u>8,034,392</u>	<u>8,029,619</u>

- 17.1 The total value of securities pertaining to clients, employees and directors/sponsors are amounting Rs. 79.73 million, Rs.Nil and Rs. 1.68 million respectively held in sub-accounts of the company. No client security is pledged with the financial institutions except with National Clearing Company of Pakistan Limited amounting Rs. 11.41 million for exposure margin.

- 17.2 This include following payable due to related parties:

Name of related party	Basis of relationship	2023 Rupees	2022 Rupees
Saad Zahid Chaudary	Relative of Chief Executive having nil shareholding	-	245,260
		<u>-</u>	<u>245,260</u>

## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

- 19.1.1 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.

19.1.2 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 favour of the company.

## 18.2 Commitments

Commitments as at reporting date were Rs. Nil (2022: Rs. Nil).

19 BROKERAGE AND COMMISSION	Note	2023 Rupees	2022 Rupees
Brokerage and commission		12,490,134	23,922,586
Less: Sales tax		(1,722,777)	(3,299,667)
		<u>10,767,357</u>	<u>20,622,919</u>

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

Name of related party	Basis of relationship	Note	2023 Rupees	2022 Rupees
Chaudary Zahid Hussain	Chief Executive		-	11,056
			<u>-</u>	<u>11,056</u>
20 DIRECT COST				
Charges paid to:				
National Clearing Company of Pakistan Ltd.			571,177	715,697
Central Depository Company of Pakistan Ltd.			167,058	190,186
Pakistan Stock Exchange Ltd.			1,025,156	949,577
Commission/incentive paid	20.1		<u>4,784,708</u>	<u>7,865,224</u>
			<u>6,548,099</u>	<u>9,720,684</u>

20.1 This includes amount paid to Chaudary Zahid Hussain-Chief Executive of the company amounting Rs.50,091 (2022: Rs.923,908).

21 OPERATING EXPENSES	Note	2023 Rupees	2022 Rupees
Directors' remuneration		250,000	3,600,000
Staff salaries and benefits		2,386,940	5,716,000
Rent, rates and taxes		30,000	30,000
Communication expenses		168,585	131,796
Postage and courier		10,561	13,450
Utility charges		-	270,176
Travelling and conveyance		53,000	50,300
Printing and stationery		32,370	80,770
Repair and maintenance		744,723	242,831
Legal and professional charges	21.1	301,000	327,137
Fee and subscription		372,722	69,490
Entertainment		646,149	508,231
Software expenses		160,000	324,204
Depreciation	4	219,834	243,836
Amortization	5.3	19,483	21,648
Miscellaneous		<u>58,684</u>	<u>238,310</u>
		<u>5,454,051</u>	<u>11,868,179</u>

## 21.1 Auditors' remuneration

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

	Note	2023 Rupees	2022 Rupees
Amin, Mudassar & Co. Chartered Accountants			
Statutory audit		135,000	110,000
Certification fee for regulatory purposes		84,750	73,762
		<u>219,750</u>	<u>183,762</u>

## 22 OTHER OPERATING EXPENSES

Punjab workers' welfare fund		258,592	90,060
		<u>258,592</u>	<u>90,060</u>

## 23 OTHER INCOME

### Income from financial assets

Dividend income	546,826	1,288,947
Interest income	312,617	499,343
Gain on remeasurement of long term investment	7,236,361	-
Reversal of provision for doubtful debts	3,871,501	3,780,110
	<u>11,967,305</u>	<u>5,568,400</u>

### Income from assets other than financial assets

Other income	1,000	199
Balances written back	2,460,955	-
	<u>2,461,955</u>	<u>199</u>
	<u>14,429,260</u>	<u>5,568,599</u>

## 24 FINANCE COST

Bank charges	6,281	20,374
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## 25 TAXATION

Income tax:		
For the year		
-Current	1,054,984	950,056
-Prior	-	32,395
-Deferred	424,091	2,693,828
	<u>1,479,075</u>	<u>3,676,279</u>

### 25.1 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 or alternative tax regime of the Income Tax Ordinance, 2001.

## 26 EARNINGS PER SHARE- BASIC AND DILUTED

	2023	2022
Profit for the year-Rupees	<u>11,450,519</u>	<u>815,942</u>
Weighted average number of ordinary shares outstanding during the year -Numbers	<u>505,479</u>	<u>500,000</u>
Earnings per share-Rupees	<u>22.65</u>	<u>1.63</u>

## 27 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:

	2023		
	Chief Executive	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>-</u>	<u>1</u>	<u>-</u>
	2022		
	Chief Executive	Director	Executives
Managerial remuneration	1,636,364	1,636,364	2,815,455
Medical allowance	163,636	163,636	274,545
Commission paid	923,908	-	-
	<u>2,723,908</u>	<u>1,800,000</u>	<u>3,090,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>
		2023 Rupees	2022 Rupees

## 28 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets and financial liabilities

#### Financial assets

##### At Available for sale

Long term investment

- 20,516,912

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

Long term investment

11,671,348 -

##### At Amortised cost

Long term deposits

1,600,000 1,500,000

Trade debts

38,104,867 29,314,791

Loans and advances

2,673,047 980,581

Trade deposits

2,528,605 2,777,880

Cash and bank balances

9,755,852 14,009,986

54,662,371 48,583,238

#### Financial liabilities

##### At amortized cost

Deposits, accrued liabilities and advances

1,620,988 3,986,518

Trade and other payables

5,092,133 6,664,479

6,713,121 10,650,997

**29 LIQUID CAPITAL BALANCE**  
**AS AT JUNE 30, 2023**

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
<b>1. Assets</b>							
1.1	Property & Equipment	Balance Sheet Value net of depreciation	100% of net value	Nil	1,799,369	1,799,369	-
1.2	Intangible Assets	Balance Sheet Value net of amortization	100% of net value	Nil	12,925,344	12,925,344	-
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	1,173,039	274,748	898,291
			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	10,498,309	10,498,309	-
			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/u ndertaking	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.	1,600,000	1,600,000	-
1.9	Margin deposits with exchange and clearing house	Balance Sheet Value	Nil	Balance Sheet Value	2,528,605	-	2,528,605
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	2,673,047	2,673,047	-
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	1,321,494	-	1,321,494
	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	-	-	-

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	3,426,498	-	3,426,498
	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	31,838,633	21,105,600	10,733,033
	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		1,518,242	100%	-
1.18	Cash and bank Balances	i. Bank balance – Proprietary accounts	Nil	Balance sheet value	163,481	-	163,481
		ii. Bank balance – Customer accounts	Nil	Balance sheet value	9,027,959	-	9,027,959
		iii. Cash in hand	Nil	Balance sheet value	564,412	-	564,412
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	81,058,432		28,663,773

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>2. Liabilities</b>							
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			5,092,133	-	5,092,133
2.2	Current Liabilities	i. Statutory and regulatory dues	Nil	Balance sheet value	1,266,086	-	1,266,086
		ii. Accruals and other payables			1,147,161	-	1,147,161
		iii. Short-term borrowings			-	-	-
		iv. current portion of subordinated loans			-	-	-
		vi. Deferred liabilities			-	-	-
		vii. Provision for			911,040	-	911,040
		viii. other liabilities as per accounting principles and included in the financial statements			2,150,000	-	2,150,000
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	<b>Total Liabilities</b>	<b>Balance Sheet Value</b>		<b>Adjusted Value</b>	<b>10,566,420</b>		<b>10,566,420</b>

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>3. Ranking Liabilities relating to</b>							
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 financees 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	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.3	Net underwriting Commitment s	Nil	(a) in the case of rights 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 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 (b) in any other case: 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	-	-	-
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	-	98,791	98,791
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	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.10	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	-		98,791

70,492,012

17,998,563

17,998,563

Liquid Balance Balance

Total number of employees at the end of year

7

7

Average number of employees during the year

7

7

### 31 CORRESPONDING FIGURES

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

### 32 GENERAL

Figures have been rounded off to the nearest of rupee.

### 35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 31 OCT 2023 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR

