

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



INDEPENDENT AUDITOR'S REPORT

To the members of BRAINS SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements **BRAINS SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, the statement of liquid capital for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss and other comprehensive loss, the changes in equity, its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

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


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

Other Matter

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

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

Place: Islamabad
Date: 28 October 2024
UDIN: AR202410163IbAEVDsHP


Nasir Javid Maqsood Imran
Chartered Accountants



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

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

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


CHIEF EXECUTIVE






DIRECTOR



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

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

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

Ali Ahmad

CHIEF EXECUTIVE



Signature

Basim Ahmed

DIRECTOR



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

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

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

Ilumina
Chief

CHIEF EXECUTIVE



Signature

Basir Ahmad

DIRECTOR



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

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

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

CHIEF EXECUTIVE



DIRECTOR




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

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

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


CHIEF EXECUTIVE




DIRECTOR



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

1 COMPANY AND ITS OPERATION

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS

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

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

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

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

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

2.6 CHANGE OF ACCOUNTING FRAMEWORK

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Financial assets and liabilities

3.1.1 Financial assets

The Company classifies its financial assets in the following categories:

a) Amortized cost

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

b) Fair value through other comprehensive income

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

c) Fair value through profit or loss

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

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

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

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

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

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

3.1.2 Financial liabilities

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

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

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

3.1.3 Impairment

a) Financial assets

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


b) Non-Financial assets

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

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

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

3.2 Cash and cash equivalents



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

3.3 Property and equipment

Initial Recognition

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

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation

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

Disposal

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

Judgments and estimates

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

Impairment

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

Change in estimate

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

3.4 Intangible Asset - Acquired

TREC Certificates and PMEX Certificate

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

Judgments and estimates



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

3.5 Trade Receivable Measurement

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

Impairment

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

Judgments and estimates

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

3.6 Taxation

Income tax expense comprises current and deferred tax.

Current

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

Levy

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

Deferred

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

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

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

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

Judgment and estimates

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

