

Independent Auditor's Report to the members of ABM SECURITIES (PVT.) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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 and statement of other 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 relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 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.

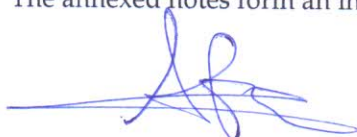

CHARTERED ACCOUNTANTS
Lahore: 29 SEP 2022

UDIN: AR202210082y0gtDPakQ

SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	287,287	304,280
Intangible assets	6	1,562,433	1,562,433
Long term investment	7	15,831,095	18,109,558
Long term deposits	8	-	400,000
		17,680,815	20,376,271
CURRENT ASSETS			
Trade debts	9	-	1,166,382
Loans and advances	10	5,000	5,000
Investment at fair value through profit or loss	11	6,365,714	8,220,044
Trade deposits, short term prepayments and current account balance with statutory authorities	12	956,511	-
Cash and bank balances	13	236,207	26,153,032
		7,563,432	35,544,457
		25,244,247	55,920,728
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	14	15,000,000	15,000,000
Revenue reserve			
(Accumulated loss)/unappropriated profit		(3,910,353)	561,333
Capital reserve			
Fair value adjustment reserve	15	9,438,619	15,572,292
		20,528,266	31,133,625
NON CURRENT LIABILITIES			
Deferred taxation	16	3,878,092	14,849
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	122,515	296,922
Trade and other payables	18	319,496	24,246,902
Accrued mark-up	19	144	7,756
Loan from banking company	20	350,000	-
Provision for taxation		45,734	220,672
		837,889	24,772,254
CONTINGENCIES AND COMMITMENTS			
	21	-	-
		25,244,247	55,920,728

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



CHIEF EXECUTIVE



DIRECTOR

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Brokerage and commission	22	3,162,834	9,313,907
Direct cost	23	<u>(381,841)</u>	<u>(784,673)</u>
		2,780,993	8,529,233
Operating expenses	24	<u>(6,960,257)</u>	<u>(6,966,642)</u>
Other operating expenses	25	<u>(2,653,375)</u>	<u>(85,037)</u>
Other income	26	<u>2,780,762</u>	<u>2,812,697</u>
		(6,832,870)	(4,238,982)
Finance cost	27	<u>(25,655)</u>	<u>(42,347)</u>
(LOSS)/PROFIT BEFORE TAXATION		(4,077,532)	4,247,905
Taxation	28	<u>(394,155)</u>	<u>(1,372,416)</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(4,471,687)</u></u>	<u><u>2,875,489</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED	29	<u><u>(2.98)</u></u>	<u><u>1.92</u></u>

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


CHIEF EXECUTIVE


DIRECTOR

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT JUNE 30, 2022

	2022 Rupees	2021 Rupees
(Loss)/profit for the year	(4,471,687)	2,875,489
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
(Loss)/gain on remeasurement of available for sale investment	(2,278,463)	261,602
Deferred tax related to available for sale investment	(3,855,210)	-
Other comprehensive (loss)/income for the year	(6,133,673)	261,602
Total comprehensive (loss)/income for the year	(10,605,360)	3,137,091

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



CHIEF EXECUTIVE



DIRECTOR

SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(4,077,532)	4,247,905
Adjustments of items not involving movements of cash:			
Depreciation	5	51,993	40,807
Provision/(Reversal) of provision for doubtful debts	26	-	(367,429)
Dividend income	26	(1,917,625)	(997,074)
Mark-up on running finance	27	13,778	27,570
Loss on remeasurement of investment	25	1,859,310	-
Gain on remeasurement of investment	11	-	(1,064,734)
		7,456	(2,360,860)
Operating cash Flows Before Working capital changes		(4,070,076)	1,887,045
(Increase) / Decrease in Working Capital			
Loans and Advances		-	3,000
(Increase) / decrease in current assets			
Trade deposits and short term prepayments		(956,511)	-
Account receivables		1,166,382	2,426,872
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		(174,407)	73,066
Trade and other payables		(23,927,406)	4,801,312
		(23,891,943)	7,304,251
Cash (Used In)/Generated From Operations		(27,962,019)	9,191,296
Taxes paid		(561,060)	(177,527)
Finance cost paid		(21,390)	(30,537)
		(582,450)	(208,064)
Net Cash (Used In)/Generated From Operations		(28,544,469)	8,983,231
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment at fair value through profit or loss - net		(4,980)	(347,580)
Addition in fixed assets		(35,000)	(111,480)
Long term deposits refunded		400,000	-
Repayment of loan to related party		-	(1,100,000)
Dividend income		1,917,625	997,074
Net Cash Flows From Investing Activities		2,277,644	(561,987)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(26,266,825)	8,421,244
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		26,153,032	17,731,788
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	(113,793)	26,153,032
A Cash and Cash Equivalents			
Short term running finance	20	(350,000)	-
Cash and bank balances	13	236,207	26,153,032
		(113,793)	26,153,032

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

CHIEF EXECUTIVE

Neelam Barlas Milga
DIRECTOR

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

1 COMPANY AND ITS OPERATION

- 1.1 The company was incorporated as Private Limited Company on February 10, 2004 under the repealed Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the Company is situated at 5th Floor, Room # 506, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore Stock Exchange Building, Lahore. The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

1 BASIS OF PREPARATION

1.1 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.

1.2 BASIS OF MEASUREMENT

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

1.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

1.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Provision for doubtful account receivables
- Estimation of provisions

- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 PROPERTY AND EQUIPMENT

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

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

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

2.2 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.

2.2.1 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.

2.2.2 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 through reducing balance method.

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

2.3 FINANCIAL ASSETS

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

2.3.1 Held to Maturity

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

2.3.2 At fair value through profit or loss

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

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

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

2.3.3 Available-for-sale

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

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

2.3.4 Loans and Receivables

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

2.4 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.

2.5 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.

2.6 TRADE DEBTS AND OTHER RECEIVABLES

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

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

2.7 CASH AND CASH EQUIVALENTS

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

2.8 BORROWINGS

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

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

2.9 TAXATION

Current

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

Deferred

Deferred tax is recognized using the balance sheet 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 profit or loss, 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 and loss account.

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.



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 and loss account 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.



5. PROPERTY AND EQUIPMENT

Particulars	Cost			Accumulated Depreciation				WDV
	As at June 30, 2021	Additions	As at June 30, 2022	Rate %	As at June 30, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022
OWNED								
Furniture and fittings	639,062	-	639,062	10	581,783	5,728	587,511	51,551
Computers	700,763	35,000	735,763	30	644,787	25,712	670,499	65,264
Electric equipments	290,862	-	290,862	10	99,837	20,553	120,390	170,472
	1,630,687	35,000	1,665,687		1,326,407	51,993	1,378,400	287,287

5.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Accumulated Depreciation				WDV As at June 30, 2021
	As at June 30, 2020	Additions	As at June 30, 2021	Rate %	As at June 30, 2020	Charge for the year	As at June 30, 2021	
OWNED								
	R u p e e s							
Furniture and fittings	639,062	-	639,062	10	575,419	6,364	581,783	57,279
Computers	685,763	15,000	700,763	30	624,011	20,776	644,787	55,976
Electric equipments	194,382	96,480	290,862	10	86,170	13,667	99,837	191,025
	1,519,207	111,480	1,630,687		1,285,600	40,807	1,326,407	304,280

5.2 Allocation of Depreciation:

	Note	Rupees
Operating expenses	25	40,807

	Note	2022 Rupees	2021 Rupees
6 INTANGIBLE ASSETS			
Rights of room		500,000	500,000
Trading right entitlement certificate (TREC)	6.1	1,062,433	1,062,433
		<u>1,562,433</u>	<u>1,562,433</u>

- 6.1 It represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business.

	Note	2022 Rupees	2021 Rupees
7 LONG TERM INVESTMENT			
Unquoted - Shares of LSE Financial Services Limited:			
Available for sale			
Cost as at July 01,		2,537,266	2,537,266
Fair value adjustment		13,293,829	15,572,292
	7.1	<u>15,831,095</u>	<u>18,109,558</u>

- 7.1 This represents the investment in 843,875 (2021: 843,875) unquoted ordinary shares of M/s. LSE Financial Services Limited.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used was Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate and growth rate. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

	Note	2022 Rupees	2021 Rupees
8 LONG TERM DEPOSITS			
Deposits with:			
National Clearing Company of Pakistan Ltd.		<u>-</u>	<u>400,000</u>

9 TRADE DEBTS

Receivable from clients on account of:

Purchase of shares on behalf of clients		845,314	1,217,631
Less: Provision for doubtful debts	9.2	<u>(845,314)</u>	<u>(51,249)</u>
		<u>-</u>	<u>1,166,382</u>

	Note	2022 Rupees	2021 Rupees
9.2 Movement is as follows			
Opening balance		51,249	418,678
Provision/(reversal) made during the year	27	794,065	(367,429)
		<u>845,314</u>	<u>51,249</u>

9.3 Age Analysis

Upto five days	-	731,486
More than five days	-	434,898
	-	<u>1,166,384</u>

10 LOANS AND ADVANCES

Advances to: (unsecured but considered good)

Employee	<u>5,000</u>	<u>5,000</u>
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11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment - listed securities

Carrying value as on July 01,	8,225,024	7,155,310
(Loss)/gain on remeasurement of investment at fair value	<u>(1,859,310)</u>	<u>1,064,734</u>
	<u>6,365,714</u>	<u>8,220,044</u>

11.1

11.1 This includes shares having value of Rs. 2,591,778 (2021: Rs. 4,199,190) pledged with financial institutions and Rs. 3,115,350 (2021: Rs. 2,800,618) pledged with National Clearing Company of Pakistan Limited.

	Note	2022 Rupees	2021 Rupees
12 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			

Deposits with:

Ecclar Services Limited	956,511	-
	<u>956,511</u>	<u>-</u>

13 CASH AND BANK BALANCES

	Note	2022 Rupees	2021 Rupees
These were held as under:			
Cash in hand		31,735	31,735
Cash at bank:			
In current accounts			
Pertaining to brokerage house		204,472	1,951,899
Pertaining to clients		-	24,169,398
		204,472	26,121,297
		<u>236,207</u>	<u>26,153,032</u>

14 SHARE CAPITAL

Authorized

1,500,000 (2021: 1,500,000) ordinary shares
of Rs.10 each

<u>15,000,000</u>	<u>15,000,000</u>
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Issued, subscribed and paid up

1,500,000 (2021: 1,500,000) ordinary shares
of Rs.10 each fully paid in cash

<u>15,000,000</u>	<u>15,000,000</u>
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14.1 Pattern of Shareholding:

Categories of shareholders	2022		2021	
	Number of shares held	% of shares held	Number of shares held	% of shares held
Individuals				
Mr. Asif Baig Mirza - CEO	1,125,000	75%	1,125,000	75%
Mrs. Neelam Barlas Mirza - Director	375,000	25%	375,000	25%
	<u>1,500,000</u>	<u>100%</u>	<u>1,500,000</u>	<u>100%</u>

15 FAIR VALUE ADJUSTMENT RESERVE

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

	Note	2022 Rupees	2021 Rupees
16 DEFERRED TAXATION			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		22,882	26,524
Provision for doubtful debts		(245,141)	(11,675)
Minimum taxes paid		(54,991)	-
Taxable losses		(508,911)	-
Unrealized gain on long term investment		3,855,210	-
Unrealized loss on short term investment		(278,897)	-
Capital losses on short term investment		(2,139)	-
Deferred tax asset not recognised		1,090,079	-
		<u>3,878,092</u>	<u>14,849</u>
Balance as at July 01,		14,849	-
Add: Charge for the year in profit or loss	16	8,033	14,849
Add: Charge for the year in OCI		3,855,210	-
		<u>3,878,092</u>	<u>14,849</u>

16.1 At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset. However, deferred tax asset amounting Rs.1.09 million has not been recognized in these financial statements being prudent.

16.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum taxes (Rupees)	Accounting year in which minimum tax will expire
2022	54,991	2027

16.3 Capital losses (quoted) would expire as follows:

Accounting year to which capital loss relates	Amount (Rupees)	Accounting year in which capital loss will expire
2021	14,258	2024

16.4 Business losses would expire as follows:

Accounting year to which business loss relates	Amount (Rupees)	Accounting year in which business loss will expire
2022	1,723,518	2028

16.5 Depreciation losses with no limit to expire are as follows:

Accounting year to which depreciation loss relates	Amount (Rupees)	Accounting year in which depreciation loss will expire
2022	31,347	No expiry limit

	Note	2022 Rupees	2021 Rupees
17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		122,515	296,922
		<u>122,515</u>	<u>296,922</u>

18 TRADE AND OTHER PAYABLES

Creditors for sale of shares on behalf of clients	18.1& 18.2	203,666	23,838,719
Punjab workers welfare fund payable		115,830	115,830
Payable to National Clearing Company of Pakistan Limited		-	289,484
Tax deducted at source		-	2,870
		<u>319,496</u>	<u>24,246,902</u>

18.1 The total value of securities pertaining to clients are Rs. nil million (2021: Rs. 322.880 million) held in sub-accounts of the company. No security is pledged by client to the financial institutions except for NCCPL amounting Rs. nil million (2021: Rs. 31.956 million) against exposure.

18.2 Creditors for sale of shares on behalf of clients include the following amount due to related parties:

Name of related party	Basis of relationship	%age of share holding	2022 Rupees	2021 Rupees
Mrs. Neelam Barlas	Director	25%	-	1,402
Mrs. Anam Asif Mirza	Director's daughter	-	-	2,413
Mr. Waqar Asif Baig Mirza	Director's son	-	-	459
			<u>-</u>	<u>4,274</u>

19 ACCRUED MARK-UP

Mark-up accrued on short term borrowings		144	7,756
		<u>144</u>	<u>7,756</u>

20 LOAN FROM BANKING COMPANIES

Short term borrowings from:

Habib Bank Limited -

Running finance (secured)

20.1	350,000	-
	<u>350,000</u>	<u>-</u>

20.1 This facility has been obtained from Habib Bank Limited with sanction limit of Rs.5 million (2021: Rs.5 million) for working capital. Rate of mark up is one month KIBOR plus 300 bps p.a. (2021: three months average KIBOR (Ask) plus 300 bps p.a.) payable on quarterly basis. This facility is secured by pledge of shares and personal guarantees of directors. The company has settled all outstanding liability near the year end.

21 CONTINGENCIES AND COMMITMENTS

Contingencies

The Securities and Exchange Commission of Pakistan (SECP) has issued an order dated September 09, 2020 and imposed a penalty amounting Rs.260,000 on the basis of observations pertaining to deviation from provisions of AML Regulations. The Company has filed appeal against the said order with Appellate Bench Registry of SECP dated October 22, 2020. The appeal is pending for hearing before Appellate Bench. The Company is hopeful for the waiver of penalty.

Commitments

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

	Note	2022 Rupees	2021 Rupees
22 BROKERAGE AND COMMISSION			
Commission income	22.1	3,668,887	10,804,030
Less: Sales tax		506,053	(1,490,123)
		<u>3,162,834</u>	<u>9,313,907</u>

22.1 This include, commision earned from the following related parties:

Name of related party	Basis of relationship	Note	2022 Rupees	2021 Rupees
Mrs. Neelam Barlas	Director		8,740	282
Mr. Waqar Asif Baig Mirza	Son of CEO		-	655
Anam Asif Mirza	Daughter of CEO		-	1,138
			<u>8,740</u>	<u>2,075</u>

23 DIRECT COST

Charges paid to/against:

National Clearing Company of Pakistan Ltd.	115,153	260,848
Central Depository Company of Pakistan Ltd.	196,600	296,554
Investor protection fund	1,182	33,586
Regulatory fee	68,906	193,685
	<u>381,841</u>	<u>784,673</u>

24 OPERATING EXPENSES

Directors' remuneration		1,724,724	2,005,758
Staff salaries and benefits		2,626,500	2,565,778
Rent, rates and taxes		38,193	36,824
Communication expenses		209,297	165,143
Utility charges		191,010	144,581
Postage and courier charges		17,492	20,562
Printing and stationery		98,600	110,493
Repair and maintenance		212,736	281,707
Vehicle running and maintenance		463,650	235,940
Computer software maintenance		235,214	207,661
Legal and professional charges	24.1	158,900	357,200
Fee and subscription		127,395	167,415
Insurance		1,718	1,442
Newspapers and periodicals		5,360	5,632
Entertainment		286,382	126,240
Advertisement and business promotion expenses		31,060	18,461
Depreciation	5	51,993	41,624
Others		480,033	474,182
		<u>6,960,257</u>	<u>6,966,642</u>

24.1 This includes statutory audit fee and other certification charges as detailed below:

Auditor's remuneration		2022	2021
	Note	Rupees	Rupees
Amin, Mudassar & Co. Chartered Accountants			
Audit Services			
Statutory audit		59,850	59,850
Non-Audit Services			
Certification fee for regulatory purposes		21,000	13,150
		<u>80,850</u>	<u>73,000</u>
25 OTHER OPERATING EXPENSES			
Punjab workers welfare fund		-	85,037
Un-realized loss on remeasurement of investment at fair value through profit or loss		1,859,310	-
Provision for doubtful debts		794,065	-
		<u>2,653,375</u>	<u>85,037</u>
26 OTHER INCOME			
Income from financial assets			
Un-realized gain on remeasurement of investment at fair value through profit or loss		-	1,064,734
Dividend income		1,917,625	997,074
Reversal of provision for doubtful debts		-	367,429
Income from non financial assets			
IPO commission		359,888	-
Other income		503,249	383,461
		<u>2,780,762</u>	<u>2,812,697</u>
27 FINANCE COST			
Mark-up on loan from banking company		13,778	27,570
Bank charges		11,877	14,777
		<u>25,655</u>	<u>42,347</u>
28 TAXATION			
Income tax:			
-Current		386,122	718,896
-Prior		-	638,671
-Deferred		8,033	2,097
		<u>394,155</u>	<u>1,359,664</u>

28.1 No numeric tax rate reconciliation is presented for the current year in these financial statements as the company was either liable to pay tax under minimum tax regime or alternate corporate tax under the Income Tax Ordinance, 2001.

28.2 Reconciliation of tax expense and accounting profit:

	Note	2021 Rupees
Profit before tax		<u>4,247,905</u>
Tax of profit before tax @ 29%		1,231,892
Prior period tax		638,671
Tax effect on inadmissible expense		33,092
Tax effect on admissible expense		(146,543)
Effect of deferred tax		14,849
Income tax on dividend		149,561
Adjustment of tax credits		(150,376)
Tax effect of carry forward Tax losses		(13,827)
Tax effect of income under final taxation		(384,903)
		<u>1,372,416</u>

29 EARNINGS PER SHARE - BASIC AND DILUTED

	2022	2021
(Loss)/profit for the year-Rupees	<u>(4,471,687)</u>	<u>2,875,489</u>
Weighted average number of ordinary shares outstanding during the year	<u>1,500,000</u>	<u>1,500,000</u>
Earnings per share-Rupees	<u>(2.98)</u>	<u>1.92</u>

30 NUMBER OF EMPLOYEES

	2022 (N u m b e r)	2021
Total number of employees at the end of year	<u>6</u>	<u>6</u>
Average number of employees during the year	<u>5</u>	<u>5</u>

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration to the chief executive and director of the company is as follows:

	2022		
	Chief Executive	Director	Total
	-----Rupees-----		
Basic Salary	870,000	549,000	1,419,000
Medical Allownce	305,724	-	305,724
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>
	2021		
	Chief Executive	Director	Total
	-----Rupees-----		
Basic Salary	1,082,325	720,424	1,802,749
Medical Allownce	130,967	72,042	203,009
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>

31.1 No employee meets the criteria of executive as per the requirements of the Companies Act, 2017.

32 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

	2022 Rupees	2021 Rupees
Financial assets		
Available for sale		
Long term investment	<u>15,831,095</u>	<u>18,109,558</u>
Investment at fair value through profit or loss		
Investment - listed Securities	<u>6,365,714</u>	<u>8,220,044</u>
Loans and receivables:		
Long term deposits	-	400,000
Trade debts	-	1,166,382
Loans and advances	5,000	5,000
Cash and bank balances	<u>236,207</u>	<u>26,153,032</u>
	<u>241,207</u>	<u>27,724,413</u>
Financial liabilities		
At amortized cost		
Deposits, accrued liabilities and advances	122,515	296,922
Trade and other payables	203,666	24,246,902
Accrued mark-up	144	7,756
Loans from related parties	-	1,100,000
Loan from banking company	<u>350,000</u>	<u>-</u>
	<u>676,325</u>	<u>25,651,581</u>

33 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. However, there is no major reclassification to report.

34 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 29 SEP 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR