

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 (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, 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, 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.

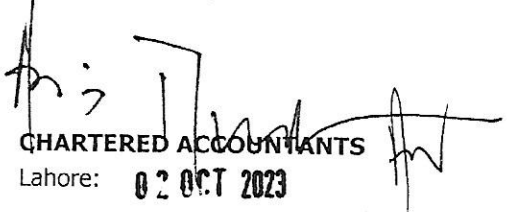
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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 whereas applicable 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

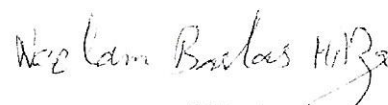
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ABM SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	3	255,881	287,287
Intangible assets	4	1,562,433	1,562,433
Long term investments	5	-	15,831,095
		<u>1,818,314</u>	<u>17,680,815</u>
CURRENT ASSETS			
Trade debts	6	-	-
Loans and advances	7	5,000	5,000
Investment at fair value through profit or loss	8	14,081,037	6,365,714
Trade deposits, short term prepayments and current account balance with statutory authorities	9	1,560,850	956,511
Cash and bank balances	10	138,230	236,207
		<u>15,785,117</u>	<u>7,563,432</u>
		<u>17,603,431</u>	<u>25,244,247</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	11	15,000,000	15,000,000
Revenue reserve			
Accumulated loss		(1,142,935)	(3,910,353)
Capital reserve			
Fair value adjustment reserve	12	-	9,438,619
		<u>13,857,065</u>	<u>20,528,266</u>
Share deposit money	13	3,300,000	-
		<u>17,157,065</u>	<u>20,528,266</u>
NON CURRENT LIABILITIES			
Deferred taxation	14	-	3,878,092
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	15	126,561	122,515
Trade and other payables	16	319,805	319,496
Accrued mark-up	17	-	144
Short term borrowings	18	-	350,000
Provision for taxation		-	45,734
		<u>446,366</u>	<u>837,889</u>
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u>17,603,431</u>	<u>25,244,247</u>

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, 2023

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	20	1,194,614	3,162,834
Capital gain on marketable securities		86,504	-
		<u>1,281,118</u>	<u>3,162,834</u>
Direct cost	21	<u>(71,924)</u>	<u>(381,841)</u>
		1,209,194	2,780,993
Operating expenses	22	(4,977,464)	(6,960,257)
Other operating expenses	23	(57,995)	(2,653,375)
Other income	24	6,790,968	2,780,762
		1,755,509	(6,832,870)
Finance cost	25	<u>(64,973)</u>	<u>(25,655)</u>
PROFIT/(LOSS) BEFORE TAXATION		2,899,730	(4,077,532)
Taxation	26	<u>(132,312)</u>	<u>(394,155)</u>
PROFIT/(LOSS) FOR THE YEAR		<u><u>2,767,418</u></u>	<u><u>(4,471,687)</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED	27	<u><u>1.84</u></u>	<u><u>(2.98)</u></u>

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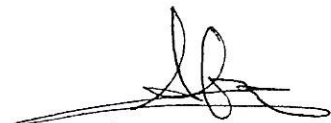

CHIEF EXECUTIVE

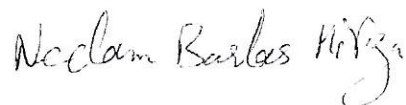
Neelam Bala Singh
DIRECTOR

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT JUNE 30, 2023

	2023 Rupees	2022 Rupees
Profit/(loss) for the year	2,767,418	(4,471,688)
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Loss on investment categorised as fair value through other comprehensive income	-	(2,278,463)
Reversal of accumulated gain on reclassification	(13,293,829)	-
Less: Deferred tax thereon	3,855,210	(3,855,210)
	(9,438,619)	(6,133,673)
Other comprehensive loss for the year	(9,438,619)	(6,133,673)
Total comprehensive loss for the year	<u>(6,671,201)</u>	<u>(10,605,361)</u>

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


CHIEF EXECUTIVE


DIRECTOR

ABM SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2023

	Paid up share capital	Accumulated loss	Fair value adjustment reserve	Sub Total	Long term loan from related party	Total
	----- (R u p e e s) -----					
Balance as at June 30, 2021	15,000,000	561,333	15,572,292	31,133,625	-	31,133,625
Loan repaid during the year						
Loss for the year	-	(4,471,686)	-	(4,471,686)	-	(4,471,686)
Other comprehensive loss	-	-	(6,133,673)	(6,133,673)	-	(6,133,673)
Total comprehensive loss for the year	-	(4,471,686)	(6,133,673)	(10,605,359)	-	(10,605,359)
Balance as at June 30, 2022	15,000,000	(3,910,353)	9,438,619	20,528,266	-	20,528,266
Share deposit money received	-	-	-	-	3,300,000	3,300,000
Profit for the year	-	2,767,418	-	2,767,418	-	2,767,418
Other comprehensive loss	-	-	(9,438,619)	(9,438,619)	-	(9,438,619)
Total comprehensive loss for the year	-	2,767,418	(9,438,619)	(6,671,201)	-	(6,671,201)
Balance as at June 30, 2023	15,000,000	(1,142,935)	-	13,857,065	3,300,000	17,157,065

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



CHIEF EXECUTIVE

Neelam Barlas Mirza
DIRECTOR

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		2,899,730	(4,077,532)
Adjustments of items not involving movements of cash:			
Depreciation	3	45,406	51,993
Dividend income	24	(841,506)	(1,917,625)
Mark-up on running finance	25	58,825	13,778
Loss on remeasurement of investment	23	-	1,859,310
Capital gain on marketable securities		(86,504)	-
Unrealized gain on long term investment	8	(5,274,554)	-
		(6,098,333)	7,456
Operating cash Flows Before Working capital changes		(3,198,603)	(4,070,076)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Trade deposits and short term prepayments		(581,953)	(956,511)
Account receivables		-	1,166,382
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		4,046	(174,407)
Trade and other payables		309	(23,927,406)
		(577,598)	(23,891,943)
Cash Used In Operations		(3,776,201)	(27,962,019)
Taxes paid		(223,314)	(561,060)
Finance cost paid		(58,969)	(21,390)
		(282,283)	(582,450)
Net Cash Used In Operations		(4,058,484)	(28,544,469)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment at fair value through profit or loss - net		183,001	(4,980)
Addition in fixed assets		(14,000)	(35,000)
Long term deposits refunded		-	400,000
Dividend income		841,506	1,917,625
Net Cash Flows From Investing Activities		1,010,507	2,277,644
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		3,300,000	-
		3,300,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		252,023	(26,266,825)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(113,793)	26,153,032
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	138,230	(113,793)
A Cash and Cash Equivalents			
Short term running finance	18	-	(350,000)
Cash and bank balances	10	138,230	236,207
		138,230	(113,793)

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

Neelam B. Singh

ABM 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 February 10, 2004 under the repealed Companies Ordinance, 1984 (now The Companies Act, 2107). 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

- 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
- 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 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.

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 straight line method.

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

2.3 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.

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 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.

2.8 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.

2.9 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.

2.10 TAXATION

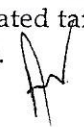
Current

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.

2.11 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.

2.12 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.

2.13 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.

2.14 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchanges 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.

2.15 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. 1

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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.



3 PROPERTY AND EQUIPMENT

Particulars	Cost		Accumulated Depreciation			WDV As at June 30, 2023
	As at June 30, 2022	Additions	As at June 30, 2023	Rate %	Charge for the year	As at June 30, 2023
OWNED						
Furniture and fittings	639,062	-	639,062	10	587,511	592,666
Computers	735,763	14,000	749,763	30	670,499	693,703
Electric equipments	290,862	-	290,862	10	120,390	137,437
	1,665,687	14,000	1,679,687		1,378,400	1,423,806

3.1 PROPERTY AND EQUIPMENT

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

3.2 Allocation of Depreciation:

Note	Rupees
Operating expenses	45,406

	Note	2023 Rupees	2022 Rupees
4 INTANGIBLE ASSETS			
Rights of room		500,000	500,000
Trading right entitlement certificate (TREC)	4.1	1,062,433	1,062,433
		<u>1,562,433</u>	<u>1,562,433</u>

4.1 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. This is stated at cost less accumulated impairment.

	Note	2023 Rupees	2022 Rupees
5 LONG TERM INVESTMENT			
Quoted - Shares of LSE Ventures Limited and LSE PropTech Limited (Previously un-quoted shares of LSE Financial Services Limited)			
Investment at fair value through profit or loss (Previously Available for sale)			
Cost as at July 01,		2,503,828	2,537,266
Fair value adjustment	5.1	6,429,771	13,293,829
		<u>8,933,600</u>	<u>15,831,095</u>
Less: Transferred to current assets	11	(8,933,600)	-
		<u>-</u>	<u>15,831,095</u>

5.1 Movement in fair value reserve:			
Opening balance		13,293,829	15,572,292
Accumulated reserve transferred to profit or loss		(13,293,829)	
Gain on re-measurement of investment		6,429,771	(2,278,463)
		<u>6,429,771</u>	<u>13,293,829</u>

5.2 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 available for sale to fair value through profit or loss and respective accumulated reserve has been charged to profit or loss.

	Total No. of shares	Total Rupees	Pledge Rupees	Particulars of pledge
LSE PropTech Limited	295,501	1,421,360		
Less: Sold during the year	(15,000)	(72,150)		
	280,501	1,349,210	-	N/A
LSE Venture Limited	842,710	7,584,390	-	N/A
	<u>1,123,211</u>	<u>8,933,600</u>	<u>-</u>	

	Note	2023 Rupees	2022 Rupees
6 TRADE DEBTS			
Receivable from clients on account of:			
Purchase of shares on behalf of clients		720,755	845,314
Less: Provision for doubtful debts	6.1	(720,755)	(845,314)
		<u>-</u>	<u>-</u>
6.1 Movement is as follows			
Opening balance		845,314	51,249
(Reversal)/provision made during the year	27	(50,000)	794,065
Less: Balances written off		(74,559)	-
		<u>720,755</u>	<u>845,314</u>
7 LOANS AND ADVANCES			
Advances to: (unsecured but considered good)			
Employee		<u>5,000</u>	<u>5,000</u>
8 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Investment - listed securities			
Cost		8,127,024	8,225,024
Add: Transferred from long term investments	5	2,503,828	-
		10,630,853	8,225,024
Loss on remeasurement of investment at fair value		(2,979,587)	(1,859,310)
Add: Transferred from long term investments	7	6,429,771	-
		3,450,184	(1,859,310)
		<u>14,081,037</u>	<u>6,365,714</u>
8.1 Movement in fair value reserve:			
Opening balance		(1,859,310)	1,064,734
Unrealized loss transferred on disposal		34,940	-
Deficit on re-measurement of investment		(1,155,217)	(2,924,044)
		<u>(2,979,587)</u>	<u>(1,859,310)</u>
8.2 This includes shares having value of Rs. Nil (2022: Rs. 2,591,778) pledged with financial institutions and Rs. 4,766,912 (2022: Rs. 3,115,350) pledged with National Clearing Company of Pakistan Limited.			

	Note	2023 Rupees	2022 Rupees
9	TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES		
	Deposits with:		
	Eclear Services Limited	1,538,464	956,511
	Tax deducted at source	22,386	-
		<u>1,560,850</u>	<u>956,511</u>
10	CASH AND BANK BALANCES		
	These were held as under:		
	Cash in hand	31,735	31,735
	Cash at bank:		
	In current accounts		
	Pertaining to brokerage house	106,495	204,472
		<u>138,230</u>	<u>236,207</u>
11	SHARE CAPITAL		
	Authorized		
	1,500,000 (2022: 1,500,000) ordinary shares of Rs.10 each	<u>15,000,000</u>	<u>15,000,000</u>
	Issued, subscribed and paid up		
	1,500,000 (2022: 1,500,000) ordinary shares of Rs.10 each fully paid in cash	<u>15,000,000</u>	<u>15,000,000</u>

11.1 Pattern of Shareholding:

Categories of shareholders	2023		2022	
	Number of shares held	% of shares held	Number of shares held	% of shares held
Individuals				
Mr. Asif Baig Mirza - CEO	731,250	48.75%	1,125,000	75%
Mrs. Neelam Barlas Mirza - Director	375,000	25%	375,000	25%
Mr. Waqar Asif Baig Mirza- Director	393,750	26.3%	-	0%
	<u>1,500,000</u>	<u>100%</u>	<u>1,500,000</u>	<u>100%</u>

11.2 There is no variation in the voting rights of shareholders.

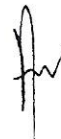
	Note	2023 Rupees	2022 Rupees
12 FAIR VALUE ADJUSTMENT RESERVE			
This represented accumulated gain on investment at available for sale.		-	9,438,619
13 SHARE DEPOSIT MONEY			
Share deposit money received		3,300,000	-
		3,300,000	-
13.1	This represents amount received from Mrs. Neelam Barlas Mirza-Director having 25% shareholding of the company. Subsequent to the reporting date, the company has issued shares against the amount received against deposit for shares by increasing its authorized capital accordingly.		

	Note	2023 Rupees	2022 Rupees
14 DEFERRED TAXATION			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		19,815	22,882
Provision for doubtful debts		(209,019)	(245,141)
Minimum taxes paid		(83,134)	(54,991)
Taxable losses		(980,891)	(508,911)
Unrealized gain on long term investment		-	3,855,210
Unrealized gain/(loss) on short term investment		517,528	(278,897)
Capital losses on short term investment		(11,613)	(2,139)
Deferred tax asset not recognised		747,314	1,090,079
		-	3,878,092
Balance as at July 01,		3,878,092	14,849
Add: Charge for the year in profit or loss		(22,882)	8,033
Add: (Reversal)/charge for the year in other comprehensive income		(3,855,210)	3,855,210
		-	3,878,092

14.1 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. 749,281 has not been recognized in these financial statements being prudent. The management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2024.

14.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Rupees	Accounting year in which minimum tax will expire
2022	60,390	2027
2023	22,744	2026



14.3 Capital losses (quoted) would expire as follows:

Accounting year to which capital loss relates	Rupees	Accounting year in which capital loss will expire
2021	14,258	2024
2023	63,163	2026

14.4 Business losses would expire as follows:

Accounting year to which business loss relates	Rupees	Accounting year in which business loss will expire
2022	1,630,138	2028
2023	1,686,115	2029

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

Accounting year to which depreciation loss relates	Rupees
2022	38,841
2023	27,289

	Note	2023 Rupees	2022 Rupees
15 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		126,561	122,515
		<u>126,561</u>	<u>122,515</u>
16 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients		145,980	203,666
Punjab workers welfare fund payable		173,825	115,830
		<u>319,805</u>	<u>319,496</u>
17 ACCRUED MARK-UP			
Mark-up accrued on short term borrowings		-	144
		<u>-</u>	<u>144</u>
18 SHORT TERM BORROWINGS			
Banking Company			
Habib Bank Limited -			
Running finance (secured)	18.1	-	350,000
		<u>-</u>	<u>350,000</u>

18.1 This facility had been obtained from Habib Bank Limited with sanction limit of Rs.5 million (2022: Rs.5 million) for working capital. Rate of mark up is one month KIBOR plus 300 bps p.a. (2022: three months average KIBOR (Ask) plus 300 bps p.a.) payable on quarterly basis. This facility was secured by pledge of shares and personal guarantees of directors. During the year, the company has settled the outstanding liability.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 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.

19.1.2 The company has received notice from Federal Board of Revenue dated June 20, 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 a writ petition before the Lahore High Court, Lahore 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.

19.1.3 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 5 million to Pakistan Stock Exchange (PSX) on behalf of the company for meeting the Base Minimum Capital requirements.

19.2 Commitments

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

	Note	2023 Rupees	2022 Rupees
20 BROKERAGE AND COMMISSION			
Commission income	20.1	1,385,752	3,668,887
Less: Sales tax		<u>191,138</u>	<u>506,053</u>
		<u>1,194,614</u>	<u>3,162,834</u>
21 DIRECT COST			
Charges paid to/against:			
National Clearing Company of Pakistan Ltd.		3,900	115,153
Central Depository Company of Pakistan Ltd.		47,222	196,600
Investor protection fund		243	1,182
Regulatory fee		<u>20,559</u>	<u>68,906</u>
		<u>71,924</u>	<u>381,841</u>

	Note	2023 Rupees	2022 Rupees
22 OPERATING EXPENSES			
Directors' remuneration		926,929	1,724,724
Staff salaries and benefits		2,206,006	2,626,500
Rent, rates and taxes		30,000	38,193
Communication expenses		194,360	209,297
Utility charges		249,023	191,010
Postage and courier charges		4,990	17,492
Printing and stationery		88,934	98,600
Repair and maintenance		252,049	212,736
Vehicle running and maintenance		235,950	463,650
Computer software maintenance		99,351	235,214
Legal and professional charges	22.1	161,150	158,900
Fee and subscription		133,730	127,395
Insurance		-	1,718
Newspapers and periodicals		2,550	5,360
Entertainment		151,879	286,382
Advertisement and business promotion expenses		30,690	31,060
Depreciation	3	45,406	51,993
Others		164,467	480,033
		<u>4,977,464</u>	<u>6,960,257</u>

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

Auditor's remuneration

Amin, Mudassar & Co.

Chartered Accountants

Audit Services

Statutory audit	66,150	59,850
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Non-Audit Services

Certification fee for regulatory purposes	-	21,000
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<u>66,150</u>	<u>80,850</u>
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23 OTHER OPERATING EXPENSES

Punjab workers welfare fund	57,995	-
Un-realized loss on remeasurement of investment at fair value through profit or loss	-	1,859,310
Provision for doubtful debts	-	794,065
	<u>57,995</u>	<u>2,653,375</u>

24	OTHER INCOME		2023	2022
	Income from financial assets	Note	Rupees	Rupees
	Dividend income		841,506	1,917,625
	Unrealized gain on short term investments		5,274,554	-
	Reversal for Provision for doubtful debts		50,000	-
	Income from non financial assets			
	IPO commision		-	359,888
	Other income		624,908	503,249
			<u>6,790,968</u>	<u>2,780,762</u>
25	FINANCE COST			
	Mark-up on loan from banking company		58,825	13,778
	Bank charges		6,148	11,877
			<u>64,973</u>	<u>25,655</u>
26	TAXATION			
	Income tax:			
	-Current		148,971	386,122
	-Prior		6,223	-
	-Deferred		(22,882)	8,033
			<u>132,312</u>	<u>394,155</u>
26.1	No numeric tax rate reconciliation is presented for the current/ prior year in these financial statements as the company was either liable to pay tax under minimum tax regime or final tax regime under the Income Tax Ordinance, 2001.			
27	EARNINGS PER SHARE - BASIC AND DILUTED		2023	2022
	Profit/(loss) for the year-Rupees		<u>2,767,418</u>	<u>(4,471,687)</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>1.84</u>	<u>(2.98)</u>
28	NUMBER OF EMPLOYEES		2023	2022
			(N u m b e r)	
	Total number of employees at the end of year		<u>5</u>	<u>6</u>
	Average number of employees during the year		<u>5</u>	<u>5</u>

29 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:

2023			
	Chief Executive	Directors	Total
	-----Rupees-----		
Basic salary	225,876	580,506	806,382
Medical allowance	120,547	-	120,547
	<u>346,423</u>	<u>580,506</u>	<u>926,929</u>
Number of persons	<u>1</u>	<u>2</u>	<u>3</u>
2022			
	Chief Executive	Director	Total
	-----Rupees-----		
Basic salary	870,000	549,000	1,419,000
Medical allowance	305,724	-	305,724
	<u>1,175,724</u>	<u>549,000</u>	<u>1,724,724</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>

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

30 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

	2023 Rupees	2022 Rupees
Financial assets		
Available for sale		
Long term investment	<u>-</u>	<u>15,831,095</u>
Investment at fair value through profit or loss		
Short term investement	<u>14,081,037</u>	<u>6,365,714</u>
Amortized cost		
Trade debts	-	-
Loans and advances	5,000	5,000
Trade deposits and short term prepayments	1,538,464	956,511
Cash and bank balances	<u>138,230</u>	<u>236,207</u>
	<u>1,681,694</u>	<u>241,207</u>
Financial liabilities		
At amortized cost		
Deposits, accrued liabilities and advances	126,561	122,515
Trade and other payables	145,980	203,666
Accrued mark-up	-	144
Loan from banking company	<u>-</u>	<u>350,000</u>
	<u>272,541</u>	<u>676,325</u>

31 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.

32 GENERAL

Figures have been rounded off to the nearest of rupee.

33 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 02 OCT 2023 by the Board of Directors of the Company.



CHIEF EXECUTIVE



Neelam Basant Mittal
DIRECTOR