

**BACKERS & PARTNERS (PVT.) LIMITED**

**FINANCIAL STATEMENTS**

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

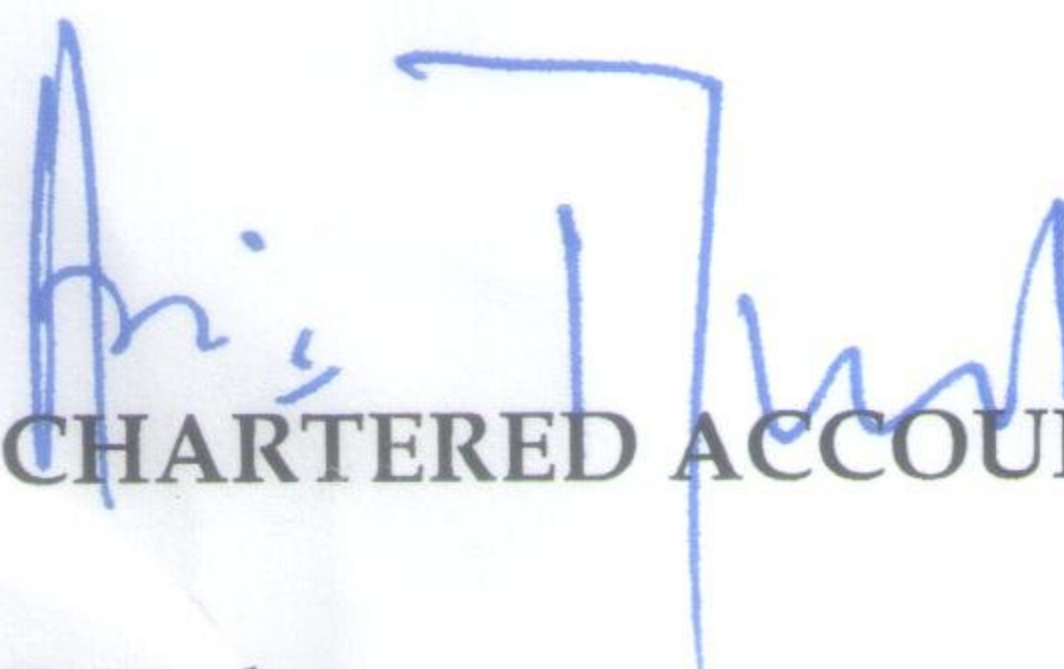
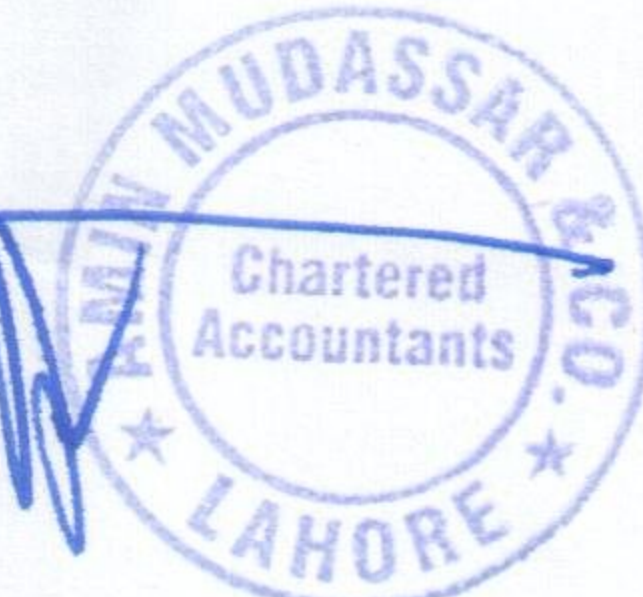
## CERTIFICATE OF CAPITAL ADEQUACY LEVEL

We, being the statutory auditor of M/s. Backers & Partners (Private) Limited, certify that the following information is correct and authenticated by us after due diligence from our side as at June 30, 2023.

	Note	<u>RUPEES</u>
Total Assets	1	221,402,030
Less: Total Liabilities		23,168,543
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		<u>198,233,487</u>

**Note:**

1. While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by such Participant as at year ended June 30, 2023 as determined by Pakistan Stock Exchange has been considered.

  
CHARTERED ACCOUNTANTS  
Dated: 26 OCT 2023  




## Backers & Partners

Private Limited

formerly A.N. Equities (Pvt.) Ltd.

Securities Broker

Pakistan Stock Exchange Ltd.

**Registered Office:**

97 A / D - 1 Basement PEC Building  
Liberty Market, Gulberg III, Lahore.  
P: 042-35784242-3

W: [www.backersandpartners.com](http://www.backersandpartners.com)

E: [info@backersandpartners.com](mailto:info@backersandpartners.com)

### DIRECTORS' REPORT

On behalf of the Board of Directors of the Backers & Partners (Pvt.) Ltd; it gives me immense pleasure to present the Annual Report of the Company for the year ended June 30th, 2023 together with the audited financial statements for the year in accordance with the accounting, regulatory and legal standards and requirements.

### CAPITAL MARKET

In FY23, Pakistan's stock market remained flat amid a challenging economic environment and political uncertainties throughout the year. The equity market experienced a period of high volatility due to uncertain events triggered by various external and macroeconomic factors, which negatively impacted investor sentiment. These factors included deteriorating external account position, delays in the resumption of an IMF program, a significant increase in the fiscal deficit, record high inflation and a substantial policy rate hike of 825 basis points, with rates reaching a historic high of 22.0%.

The benchmark KSE-100 index closed FY23 at 41,453 points, down -0.2% / 88 points YoY. The steep PKR depreciation took the US\$ based return to a negative 28.5%, compared to -32.5% during FY22. As various exogenous and macroeconomic indicators turned south, market participation remained lackluster with average volumes down 34% YoY to 192 million shares while the average traded value declined 54% to US\$ 25 million.

### COMPANY'S PERFORMANCE

During the year, your Company has posted after tax loss of PKR 2.40 million (FY22 loss of PKR 5.44 million). The equity of the Company as at the balance sheet date is PKR 47.73 million (June 2022: PKR 58.59 million), which translates into book value per share of PKR 9.36 (June 30, 2022: PKR 11.48). Despite all the adversities your company's brokerage revenue stood at 14.18 million and remained lower in comparison to the FY22 which were 38.97 million. This performance resulted due to decline in retail and online trades.

### FUTURE OUTLOOK

The Future prospects of your Company are promising on account of the Management's efforts towards expanding the Company's market share and through wider participation in all its business segments particularly the online and retail division through digital onboarding. The Company is striving to yield better volumes from its existing clientele. The Management is confident that the Company's brokerage will likely demonstrate good results, as the economy and the market continue to offer rewarding investment opportunities.

### ACKNOWLEDGMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Pakistan Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Director

Lahore  
Dated: 06 October 2023

*Aamir Baig*  
Director

*Ahmed Nadeem*  
Chief Executive Officer

**Independent Auditor's Report to the members of BACKERS & PARTNERS (PVT.) LIMITED**

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

**Opinion**

We have audited the annexed financial statements of **BACKERS & PARTNERS (PVT.) LIMITED (the Company)**, which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015 and Section 62 of the Futures Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 and the Futures Brokers (Licensing and Operations) Regulations, 2018 where applicable as at the date on which the financial statements were prepared.

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

  
CHARTERED ACCOUNTANTS

Lahore: 26 OCT 2023

UDIN: AR202310082oHAezrTaj

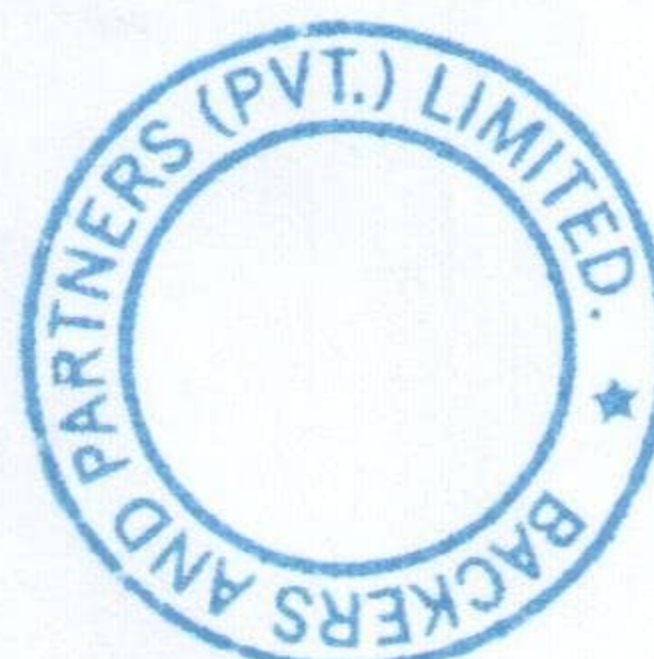
BACKERS & PARTNERS (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	2,327,131	2,836,441
Intangible assets	5	4,625,035	2,500,000
Long term investment	6	9,006,813	15,832,971
Long term deposits	7	1,500,000	1,500,000
		<u>17,458,979</u>	<u>22,669,412</u>
<b>CURRENT ASSETS</b>			
Trade debts	8	126,833,540	126,333,686
Receivable against margin financing	9	7,863,736	16,240,587
Receivable under margin trading system	10	16,795,597	-
Loan and advances	11	2,103,627	4,981,295
Accrued interest	12	1,837,288	1,837,288
Investment at fair value through profit or loss	13	50,022	249,115
Trade deposits, short term prepayments and current account balances with statutory authorities	14	24,922,591	44,381,270
Cash and bank balances	15	23,536,650	36,836,270
		<u>203,943,051</u>	<u>230,859,511</u>
		<u>221,402,030</u>	<u>253,528,923</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	16	51,000,000	51,000,000
Revenue reserve			
Accumulated loss		(3,266,513)	(870,998)
Capital reserve			
Fair value adjustment reserve	17	-	8,461,018
		<u>47,733,487</u>	<u>58,590,020</u>
Long term loans from related parties	19	150,500,000	159,000,000
		<u>198,233,487</u>	<u>217,590,020</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	18	-	3,507,927
<b>CURRENT LIABILITIES</b>			
Deposits, accrued liabilities and advances	20	1,477,010	1,870,486
Trade and other payables	21	19,135,884	26,527,229
Provident fund payable	22	2,555,649	4,033,261
Provision for taxation		-	-
		<u>23,168,543</u>	<u>32,430,976</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23	-	-
		<u>221,402,030</u>	<u>253,528,923</u>

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

CHIEF EXECUTIVE

*Ahmed R. J. J.*



*Shameel M. M.*  
DIRECTOR

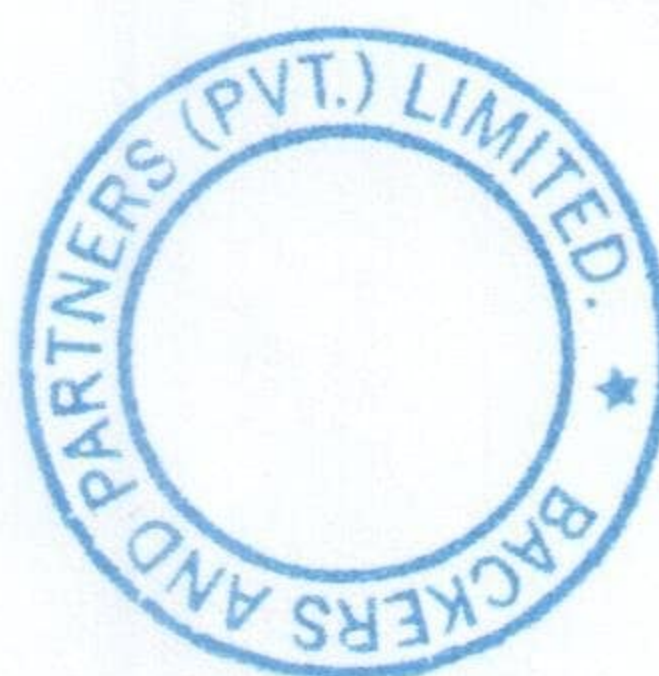
**BACKERS & PARTNERS (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	24	14,181,188	38,971,633
Capital gain on marketable securities		1,760	-
		14,182,948	38,971,633.00
Direct cost	25	(3,746,777)	(17,079,675)
		10,436,171	21,891,958
Operating expenses	26	(31,597,210)	(45,627,074)
Other operating expenses	27	(541,260)	(352,169)
Other income	28	19,762,884	19,662,389
		(12,375,586)	(26,316,854)
<b>OPERATING LOSS</b>		(1,939,415)	(4,424,896)
Finance cost	29	(53,168)	(80,541)
<b>LOSS BEFORE TAXATION</b>		(1,992,583)	(4,505,437)
Taxation	30	(402,932)	(931,830)
<b>LOSS FOR THE YEAR</b>		(2,395,515)	(5,437,267)
<b>EARNINGS PER SHARE-BASIC AND DILUTED</b>	31	(0.47)	(1.00)

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

*Ahmed r/cdu*

CHIEF EXECUTIVE



*Ahmed M. M.*

DIRECTOR

**BACKERS & PARTNERS (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023 Rupees	2022 Rupees
Loss for the year	(2,395,515)	(5,437,267)
Items that may be reclassified subsequently to statement of profit or loss		
Effect of reclassification of long term investments	(11,916,927)	(2,278,733)
Deferred tax thereon	3,455,909	(3,455,909)
Items that will not be reclassified subsequently to statement of profit or loss	-	-
Other comprehensive loss for the year	(8,461,018)	(5,734,642)
<b>Total comprehensive loss for the year</b>	<b>(10,856,533)</b>	<b>(11,171,909)</b>

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

*Ahmed n/cdre*  
**CHIEF EXECUTIVE**



*Ahmed Nadeem*  
**DIRECTOR**

**BACKERS & PARTNERS (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(1,992,583)	(4,505,437)
<b>Adjustments for non cash items:</b>			
Depreciation	4	509,309	583,795
Loss on remeasurement of investment at fair value		17,163	112,775
Interest income		(66,091)	(62,504)
Capital gain on marketable securities		(1,760)	-
Unrealized loss on long term investments		(5,090,769)	-
Balances written back		-	(226,867)
Reversal of provision for doubtful debts		-	(170,009)
Balances written off		-	239,394
		<u>(4,632,148)</u>	<u>476,584</u>
<b>Operating Cash Flows Before Working Capital Changes</b>		<b>(6,624,731)</b>	<b>(4,028,853)</b>
<b>(Increase) / Decrease in Working Capital</b>			
<b>(Increase) / decrease in current assets</b>			
Trade debts		(499,853)	(62,319,762)
Receivable against margin financing		8,376,851	62,463,172
Receivable against marginal trading		(16,795,597)	-
Loans and advances		2,877,668	(2,828,023)
Trade deposits and short term prepayments		21,337,930	67,041,492
<b>Increase / (decrease) in current liabilities</b>			
Deposits, accrued liabilities and advances		(393,476)	(3,417,840)
Provident fund payable		(1,477,612)	644,878
Trade and other payables		(7,231,052)	(3,592,688)
		<u>6,194,859</u>	<u>57,991,229</u>
<b>Cash (Used In)/Generated From Operations</b>		<b>(429,872)</b>	<b>53,962,376</b>
Taxes paid		<u>(2,494,494)</u>	<u>(2,454,351)</u>
		<u>(2,494,494)</u>	<u>(2,454,351)</u>
<b>Net Cash (Used In)/Generated From Operations</b>		<b>(2,924,366)</b>	<b>51,508,025</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		-	(1,241,403)
Intangible assets		(2,125,035)	-
Investment at fair value through profit or loss - net		183,690	-
Interest received		66,091	57,693
<b>Net Cash Flows From Investing Activities</b>		<b>(1,875,254)</b>	<b>(1,183,710)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan from related parties		<u>(8,500,000)</u>	<u>(55,000,000)</u>
<b>Net Cash Used In Financing Activities</b>		<b>(8,500,000)</b>	<b>(55,000,000)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(13,299,620)</b>	<b>(4,675,685)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>36,836,270</b>	<b>41,511,955</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>A</b>	<b><u>23,536,650</u></b>	<b><u>36,836,270</u></b>
<b>A Cash and Cash Equivalents</b>			
Cash and bank balances	15	<u>23,536,650</u>	<u>36,836,270</u>
		<u>23,536,650</u>	<u>36,836,270</u>

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

*Ahmed R. Khan*

CHIEF EXECUTIVE



*Almas Khan*

DIRECTOR

BACKERS & PARTNERS (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023

Issued subscribed and paid up Capital	Un- appropriated profit	Fair value adjustment reserve	Sub Total	Long term loans	Total
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----- (R u p e e s) -----

Balance as at June 30, 2021	51,000,000	4,566,269	14,195,660	69,761,929	139,000,000	208,761,929
Long term loan received	-	-	-	-	20,000,000	20,000,000
Loss after taxation	-	(5,437,267)	-	(5,437,267)	-	(5,437,267)
Other comprehensive loss	-	-	(5,734,642)	(5,734,642)	-	(5,734,642)
Total comprehensive loss for the year	-	(5,437,267)	(5,734,642)	(11,171,909)	-	(11,171,909)
Balance as at June 30, 2022	51,000,000	(870,998)	8,461,018	58,590,020	159,000,000	217,590,020
Long term loan repaid	-	-	-	-	(8,500,000)	(8,500,000)
Loss after taxation	-	(2,395,515)	-	(2,395,515)	-	(2,395,515)
Other comprehensive loss	-	-	(8,461,018)	(8,461,018)	-	(8,461,018)
Total comprehensive loss for the year	-	(2,395,515)	(8,461,018)	(10,856,533)	-	(10,856,533)
Balance as at June 30, 2023	51,000,000	(3,266,513)	-	47,733,487	150,500,000	198,233,487

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

*Ahmed r/cde*

CHIEF EXECUTIVE



*Ahmed Hassan*

DIRECTOR

**BACKERS & PARTNERS (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 COMPANY AND ITS OPERATION**

- 1.1 Backers & Partners (Pvt.) Limited (the Company), was incorporated in Pakistan on August 11, 2014 under the Companies Ordinance, 1984 (now the Companies Act, 2017) as a private company limited by shares. The registered office of the Company is situated at 97 A/D -1, Basement PEC Building, Liberty Market, Gulberg III, Lahore. The Company is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited and engaged in providing brokerage services.

The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

**2 BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

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

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

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

**2.2 BASIS OF MEASUREMENT**

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

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

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

**2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

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

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



### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 PROPERTY AND EQUIPMENT**

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

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged from 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 profit or loss 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 statement of profit or loss.

#### **3.2 INTANGIBLE ASSETS**

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

##### **3.2.1 Membership card and offices**

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

##### **3.2.2 Computer Software**

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

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

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

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

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

#### **3.3 FINANCIAL ASSETS**


Financial assets are initially measured at cost and subsequently classified at fair value through profit or loss or at amortized cost. Management determines the classification of its financial assets at initial recognition.

#### **3.4 FINANCIAL LIABILITIES**

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

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

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



### 3.6 CHANGE IN CLASSIFICATION OF FINANCIAL ASSETS

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

### 3.6 EMPLOYEE BENEFITS

The company is in the process of registration of trust against defined contribution plan i.e. "Provident Fund" for all its permanent employees. Equal monthly contribution are made both by the Company and employees at the rate of 10% of the basic salary and these are being kept in separate bank account maintained by the company as referred to note 15.1 to the financial statements.

### 3.7 TRADE DEBTS AND OTHER RECEIVABLES

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

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

### 3.8 CASH AND CASH EQUIVALENTS

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

### 3.9 BORROWINGS

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

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


### 3.10 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 liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.



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

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

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

### **3.11 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.

### **3.12 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.

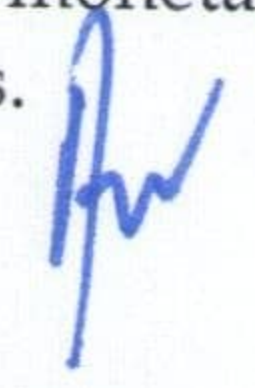
### **3.13 CONTINGENT LIABILITIES**

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.

### **3.14 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 statement of profit or loss.



### 3.15 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.

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

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

### 3.16 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 statement of profit or loss in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

### 3.17 BASIC AND DILUTED EARNINGS PER SHARE

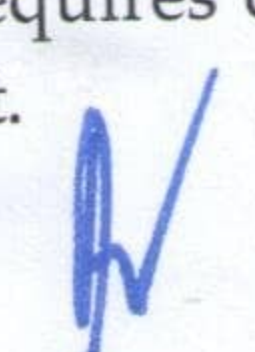
The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by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

### 3.18 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 permitted by the regulatory authorities or 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.

### 3.19 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.



#### 4 PROPERTY AND EQUIPMENT

Particulars	Cost				Depreciation					Book value As at June 30, 2023
	As at June 30, 2022	Additions	(Deletions)	As at June 30, 2023	Rate %	As at June 30, 2022	Charge for the year	Adjustment	As at June 30, 2023	

-----Rupees-----

-----Rupees-----

##### OWNED

Computers	699,222	-	-	699,222	30%	489,339	62,965	-	552,304	146,918
Furniture and fixtures	1,530,190	-	-	1,530,190	20%	801,300	145,778	-	947,078	583,112
Office equipment	2,113,456	-	-	2,113,456	15%	1,208,498	135,744	-	1,344,242	769,214
Electric equipment	861,951	-	-	861,951	15%	187,561	101,159	-	288,720	573,231
Vehicles	1,821,443	-	-	1,821,443	20%	1,503,123	63,664	-	1,566,787	254,656
	<u>7,026,262</u>	<u>-</u>	<u>-</u>	<u>7,026,262</u>		<u>4,189,821</u>	<u>509,309</u>	<u>-</u>	<u>4,699,131</u>	<u>2,327,131</u>

#### 4.1 PROPERTY AND EQUIPMENT

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

-----Rupees-----

-----Rupees-----

##### OWNED

Computers	556,222	143,000	-	699,222	30%	431,268	58,071	-	489,339	209,883
Furniture and fixtures	1,058,613	471,577	-	1,530,190	20%	619,078	182,222	-	801,300	728,890
Office equipment	2,113,456	-	-	2,113,456	15%	1,048,799	159,699	-	1,208,498	904,958
Electric equipment	235,125	626,826	-	861,951	15%	83,338	104,223	-	187,561	674,390
Vehicles	1,821,443	-	-	1,821,443	20%	1,423,543	79,580	-	1,503,123	318,320
	<u>5,784,859</u>	<u>1,241,403</u>	<u>-</u>	<u>7,026,262</u>		<u>3,606,026</u>	<u>583,795</u>	<u>-</u>	<u>4,189,821</u>	<u>2,836,441</u>

#### 4.2 Allocation of depreciation

	Note	2023	2022
Operating expenses	26	<u>509,309</u>	<u>583,795</u>

*Am*

	Note	2023 Rupees	2022 Rupees
<b>5 INTANGIBLE ASSETS</b>			
Trading right entitlement certificate (TREC)	5.1	2,500,000	2,500,000
Membership of Pakistan Merchantile Exchange Limited		2,125,035	-
		<u>4,625,035</u>	<u>2,500,000</u>

- 5.1 This represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. This is carried at cost less impairment.

	Note	2023 Rupees	2022 Rupees
<b>6 LONG TERM INVESTMENT</b>			
<b>Quoted - Shares of LSE Ventures Limited and LSE Proptech Limited</b> (Previously un-quoted shares of LSE Financial Services Limited)			
Investment at fair value through profit or loss			
Cost		3,916,044	3,916,044
Fair value adjustment during the year		<u>5,090,769</u>	<u>11,916,927</u>
	6.1	<u>9,006,813</u>	<u>15,832,971</u>

- 6.1 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.

	No. of shares	Value Rupees	Pledge Rupees	Pledged with
LSE Proptech Limited	295,535	1,421,523	1,421,523	Pakistan Stock Exchange for BMC
LSE Venture Limited	842,810	7,585,290	7,585,290	
	<u>1,138,345</u>	<u>9,006,813</u>	<u>9,006,813</u>	

	Note	2023 Rupees	2022 Rupees
<b>7 LONG TERM DEPOSITS</b>			
<b>Deposits with:</b>			
National Clearing Company of Pakistan Ltd.		1,400,000	1,400,000
Central Depository Company Limited		<u>100,000</u>	<u>100,000</u>
		<u>1,500,000</u>	<u>1,500,000</u>

	Note	2023 Rupees	2022 Rupees
<b>8 TRADE DEBTS</b>			
<b>Receivable from clients on account of:</b>			
<b>Considered good</b>			
Purchase of shares on behalf of clients		86,839,925	21,658,282
Less: Balances written off		(24,097)	(15,864)
		<u>86,815,828</u>	<u>21,642,418</u>
Receivable from related party	8.1	<u>40,017,712</u>	<u>101,993,410</u>
		<u>126,833,540</u>	<u>123,635,828</u>
Receivable from National Clearing Company of Pakistan Limited		-	2,697,858
		<u>126,833,540</u>	<u>126,333,686</u>

**8.1 Receivable from related party comprises of the following:**

Name	Basis of relationship	Pattern of shareholding	Maximum aggregate amount Rupees	2023 Rupees	2022 Rupees
Talat Baig	Relative of Director	-	5,496,911	601	4,435,860
Rimal Saqib	Shareholder	13.06%	52,317,188	-	51,170,812
Rimal Saqib	Shareholder	13.06%	20,567,356	-	15,471,176
Aamir Baig	Director	0.01%	3,813,894	3,813,894	2,850,363
Aamir Baig	Director	0.01%	3,023,668	3,023,668	2,937,093
Saima Naeem	Relative of Director	-	4,993,825	2,251,226	144,477
Saima Naeem	Relative of Director	-	400	400	-
Saima Naeem	Relative of Director	-	2,192,393	2,192,066	3,697,039
Saima Naeem	Relative of Director	-	21,640,960	21,522,262	18,540,388
Ahmed Naeem	Director	0.01%	7,213,595	7,213,595	2,663,767
Shaharyar Saqib	Shareholder	0.02%	82,435	-	82,435
				<u>40,017,712</u>	<u>101,993,410</u>

**8.2** Receivable from related parties are secured against the long term loans obtained from the related parties as referred to note no 19.3 to the financial statements.

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

	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2023
	-----Rupees-----			
Talat Baig	601	-	-	601
Aamir Baig	-	3,023,668	-	3,023,668
Aamir Baig	3,813,894	-	-	3,813,894
Saima Naeem	2,251,226	-	-	2,251,226
Saima Naeem	2,192,066	-	-	2,192,066
Saima Naeem	21,522,262	-	-	21,522,262
Saima Naeem	400	-	-	400
Ahmed Naeem	7,213,595	-	-	7,213,595
	<u>36,994,044</u>	<u>3,023,668</u>	<u>-</u>	<u>40,017,712</u>

8.4 Movement is as follows

	Note	2023 Rupees	2022 Rupees
Opening balance		-	185,873
Provision made during the year		24,097	-
Balances written off		(24,097)	(15,864)
Reversal for provision for doubtful debts		-	(170,009)
		<u>-</u>	<u>-</u>

9 RECEIVABLE AGAINST MARGIN FINANCING

Margin financing facility is provided to clients on markup basis ranging from 22.00% to 30.00% (2022: 12.00% to 16.00%) per annum.

10 RECEIVABLE UNDER MARGIN TRADING SYSTEM

Margin trading facility is provided to clients on markup basis ranging from 22.00% to 30.00% per annum.

11 LOANS AND ADVANCES

	Note	2023 Rupees	2022 Rupees
<b>Advances to: (unsecured and interest free)</b>			
Employees		603,627	414,794
Supplier		-	500,000
Director	11.1	1,500,000	3,500,000
<b>Loan to: (unsecured and interest bearing)</b>			
Employee		-	566,501
		<u>2,103,627</u>	<u>4,981,295</u>

11.1 Advance to director

	Note	2023 Rupees	2022 Rupees
Balance as at July 01,		3,500,000	-
Received during the year		700,000	3,500,000
Repayments made during the year		(2,700,000)	-
		<u>1,500,000</u>	<u>3,500,000</u>

**11.2 Advance to director comprises of the following:**

Name	Basis of relationship	Maximum aggregate amount Rupees	2023 Rupees	2022 Rupees
Ahmad Naeem	Director	3,500,000	1,500,000	3,500,000

**11.3 Aging analysis of loan to Director**

	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2023
	-----Rupees-----			
Loan to Mr. Ahmad Nadeem	1,500,000	-	-	1,500,000

**11.4** This advance is recoverable on demand and will be settled in next twelve months.

**2023** **2022**

**12 ACCRUED INTEREST**

This interest accrued on loan to director of the company Mr. Aamir Baig amounting Rs.1,837,288 (2022: Rs.1,837,288).

**12.1 Accrued interest comprises of the following:**

Name	Basis of relationship	Maximum aggregate amount Rupees	2023 Rupees	2022 Rupees
Loan to Mr. Aamir Baig (ageing: more than one year)	Director	1,837,288	1,837,288	1,837,288

**13 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Cost		67,185	361,890
Loss on re-measurement of investment		(17,163)	(112,775)
	<b>13.1</b>	<b>50,022</b>	<b>249,115</b>

**13.1** This includes shares having carrying value of Rs.nil (2022: Rs. nil) pledged with financial institutions and shares amounting Rs.nil (2022: Rs.nil) pledged with National Clearing Company of Pakistan Limited for exposure margins.

**14 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES**

**Deposits with:**

National Clearing Company of Pakistan Ltd.	<b>14.1</b>	14,653,000	35,980,000
Sales tax refundable		-	10,930
Tax deducted at source		10,269,591	8,390,340
		<b>24,922,591</b>	<b>44,381,270</b>

14.1 This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 15% to 18% (2022: 12% to 15%) per annum.

	Note	2023 Rupees	2022 Rupees
<b>15 CASH AND BANK BALANCES</b>			
These were held as under:			
In hand		504,167	757,200
At banks - in current accounts			
Pertaining to brokerage house		613,891	406,228
At banks - in saving accounts			
Pertaining to brokerage house	15.1	3,166,572	11,610,876
Pertaining to clients		19,252,020	24,061,967
		<u>22,418,592</u>	<u>35,672,843</u>
		<u>23,536,650</u>	<u>36,836,270</u>

15.1 This includes separate saving account having balance amounting Rs. 2,555,649 (2022: Rs.4,033,261) in respect of employees' provident fund payable in compliance with the requirements of section 218 of the Companies Act, 2017.

	Note	2023 Rupees	2022 Rupees
<b>16 SHARE CAPITAL</b>			
<b>Authorized</b>			
10,000,000 (2022: 10,000,000) ordinary shares of Rs.10 each		<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, subscribed and paid up</b>			
5,100,000 (2022: 5,100,000) ordinary shares of Rs.10 each fully paid in cash		<u>51,000,000</u>	<u>51,000,000</u>

**16.1 Pattern of Shareholding:**

	% of shares held		Number of shares held	
	2023	2022	2023	2022
<b>Individuals</b>				
<b>Chief Executive</b>				
Ahmed Nadeem	66.95%	66.95%	3,414,500	3,414,500
<b>Directors</b>				
Aamir Baig	0.01%	0.01%	500	500
Ahmed Naeem	0.01%	0.01%	500	500
<b>Shareholders</b>				
Tania Nadeem	19.95%	19.95%	1,017,500	1,017,500
Rimal Saqib	13.06%	13.06%	666,000	666,000
Shaharyar Saqib	0.02%	0.02%	1,000	1,000
	<u>100%</u>	<u>100%</u>	<u>5,100,000</u>	<u>5,100,000</u>

	Note	2023 Rupees	2022 Rupees
<b>17 FAIR VALUE ADJUSTMENT RESERVE</b>			
Fair value adjustment reserve		-	8,461,018

17.1 This represented accumulated gain on long term investments and it has be reclassified to profit or loss.

	Note	2023 Rupees	2022 Rupees
<b>18 DEFERRED LIABILITIES</b>			
<b>Deferred Taxation</b>			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		(14,940)	52,018
Gain on long term investment		636,346	3,455,909
Brought forward losses		(3,137,741)	(1,352,755)
Loss on short term investment - net		(2,574)	(16,916)
Capital losses on short term investment		(6,956)	(27,261)
Minimum tax		(2,835,640)	(2,491,342)
Alternative corporate taxes		(842,738)	(842,738)
Deferred tax asset not recognized		6,204,243	4,731,012
		-	3,507,927
Balance as at July 01,		3,507,927	-
Add: (Reversal)/charge for the year in profit or loss		(52,018)	52,018
Add: Reversal for the year in OCI		(3,455,909)	3,455,909
		-	3,507,927

18.1 At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 6.20 million (2022: Rs 4.73 million). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2024.

18.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Rupees	Accounting year in which minimum tax will expire
2021	1,777,043	2026
2022	714,299	2027
2023	344,298	2026

18.3 Alternative corporate taxes would expire as follows:

Accounting year to which  
alternative corporate taxes  
relates

Rupees

Accounting  
year in  
which credit  
will expire

2020

842,738

2030

18.4 Business losses would expire are as follows:

Accounting year to which  
business loss relates

Rupees

Accounting  
year in  
which  
business loss  
will expire

2019

167,795

2025

2022

3,915,790

2028

2023

5,887,523

2029

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

Accounting year to which  
depreciation loss relates

Rupees

2022

409,037

2023

439,652

18.6 Capital losses would expire are as follows:

Accounting year to which  
capital loss relates

Rupees

Accounting  
year in  
which capital  
loss will  
expire

2021

45,693

2024

2022

680

2025

2023

2022

Rupees

Rupees

19 LONG TERM LOANS FROM RELATED PARTIES

Note

Name of the party

Basis of relationship

Mr. Amir Baig

Director

19.1 & 19.2 &  
19.3

21,500,000

30,000,000

Mrs. Rimal Saqib

Shareholder

19.2

65,000,000

65,000,000

Mr. Ahmad Naeem

Director

19.2 & 19.3

14,000,000

14,000,000

Mr. Ahmad Nadeem

Chief Executive

19.2

50,000,000

50,000,000

150,500,000

159,000,000

### 19.1 Loan from Mr. Aamir Baig

Balance as at July 01,	30,000,000	-
Recieved during the year	-	30,000,000
Repayments made during the year	<u>(8,500,000)</u>	<u>-</u>
	<u>21,500,000</u>	<u>30,000,000</u>

19.2 These represent long term loans obtained from the related parties. These are payable at the discretion of the company.

19.3 These loans are also subordinated to receivables from related parties as referred to note no 8.2 to the financial statements. Repayment of these loans is subjected to settlement of outstanding balances of receivables as referred to above mentioned note.

	Note	2023 Rupees	2022 Rupees
<b>20 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES</b>			
Accrued expenses		<u>1,477,010</u>	<u>1,870,486</u>
<b>21 TRADE AND OTHER PAYABLES</b>			
Creditors for sale of shares on behalf of clients	21.1 & 21.2	14,998,834	21,981,542
Payable to National Clearing Company of Pakistan Limited		447,640	-
Tax deducted at source payable		52,972	213,265
Punjab workers welfare fund payable		105,292	105,292
Sales tax payable		3,295,625	2,923,725
Other payables		<u>235,521</u>	<u>1,303,406</u>
		<u>19,135,884</u>	<u>26,527,229</u>

21.1 The total value of securities pertaining to clients, employees and directors/sponsors are amounting Rs. 286.41 million, Rs. 3.19 million and Rs. 2.51 million respectively held in sub-accounts of the company. No client security is pledged with the financial institutions except with National Clearing Company of Pakistan Ltd. amounting Rs. 0.59 million for exposure margin.

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

Name of related party	Basis of relationship	2023 Rupees	2022 Rupees
Mr. Ahmad Naeem	Director	922	260,249
Rimal Saqib	Shareholder	1,021,188	-
Mr. Ahmad Nadeem	Chief Executive	<u>6,730,677</u>	<u>4,113,323</u>
		<u>7,752,787</u>	<u>4,373,572</u>

### 22 PROVIDENT FUND PAYABLE

Provident fund payable	22.1	<u>2,555,649</u>	<u>4,033,261</u>
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22.1 This includes balance payable to Mr. Ahmed Naeem-director of the company amounting Rs.2,373,419 (2022: Rs. 3,732,232).

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

23.1.1 A complain was filed with SECP in 2018 by one of account holder Mr. Naeem Tahir Sheikh, claiming charging of excess commission, misappropriation of funds and incorrect calculation of margin and financial charges by the company. Appellate Panel of Arbitrators vide its order dated June 27, 2019 has given its verdict against the company to pay amounting Rs.1,053,000 to the said account holder. The Company had approached the learned Civil Court and challenged the arbitration award of the Appellate Panel of Arbitrators of the PSX. Thereafter, the learned civil court had restrained the Pakistan Stock Exchange Ltd. and its Regulatory Affairs Department from adopting any coercive measure without adopting the due course of law vide its order dated July 17, 2019 against the said Arbitration award of the Appellate Panel (the Impugned Award). During the year, the company has made out of court settlement against consideration amounting Rs.500,000 against which provision had already been made in previous year financial statements and the application for setting aside order has been dismissed.

23.1.2 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 9.11 million to Pakistan Stock Exchange (PSX) on behalf of the company to meet the Base Minimum Capital requirements.

### 23.2 Commitments

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

24	BROKERAGE AND COMMISSION	Note	2023 Rupees	2022 Rupees
	Brokerage and commission		16,451,258	45,207,095
	Less: Sales tax		(2,270,070)	(6,235,461)
			<u>14,181,188</u>	<u>38,971,633</u>
25	DIRECT COST			
	Charges paid to /against:			
	Central Depository Company		422,685	359,645
	Pakistan Stock Exchange Limited charges		581,390	1,427,616
	National Clearing Company of Pakistan Limited		381,954	1,004,444
	Commission paid		<u>2,360,748</u>	<u>14,287,971</u>
			<u>3,746,777</u>	<u>17,079,675</u>

	Note	2023 Rupees	2022 Rupees
<b>26 OPERATING EXPENSES</b>			
Directors' remuneration	26.1	2,276,508	7,448,970
Staff salaries and benefits	26.2	19,979,933	26,012,637
Rent, rates and taxes		1,641,340	1,641,340
Communication		684,794	754,985
Postage and courier		25,433	29,430
Legal and professional	26.3	681,680	670,425
Fee and subscription		71,025	92,125
Printing and stationery		92,054	105,760
Repair and maintenance		287,567	845,985
Vehicle running and maintenance		-	120,000
Software maintenance		84,000	56,026
Traveling and conveyance		2,302,122	3,328,135
Entertainment		693,448	1,435,902
Utilities		1,801,272	1,648,725
Depreciation	4	509,309	583,795
Miscellaneous		466,725	852,834
		<u>31,597,210</u>	<u>45,627,074</u>

26.1 This includes provident fund expense amounting Rs. 62,534.

26.2 This includes provident fund expense amounting Rs. 375,012.

**26.3 Auditors' remuneration**

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

	Note	2023 Rupees	2022 Rupees
<b>Amin, Mudassar &amp; Co.</b>			
<b>Chartered Accountants</b>			
Statutory audit		230,000	199,500
Certification fee		132,930	169,050
		<u>362,930</u>	<u>368,550</u>

	Note	2023 Rupees	2022 Rupees
<b>27 OTHER OPERATING EXPENSES</b>			
Balances written off		524,097	239,394
Loss on remeasurement of investment at fair value		17,163	112,775
		<u>541,260</u>	<u>352,169</u>

**28 OTHER INCOME**

**Income from financial assets**

Dividend income	743,539	1,093,228
Profit on savings account	6,214,187	6,171,308
Interest on loan to staff	66,091	62,504
Interest income	1,765,465	1,890,080
Unrealized gain on long term investments	5,090,769	-
Margin trading income	619,887	-
Marginal finance income	2,635,464	6,204,809
	<u>17,135,402</u>	<u>15,421,929</u>

	Note	2023 Rupees	2022 Rupees
<b>Income from assets other than financial assets</b>			
Other charges recovered from clients	28.1	2,061,597	3,843,584
Balance written back		565,885	226,867
Reversal of provision of doubtful debts		-	170,009
		<u>2,627,482</u>	<u>4,240,460</u>
		<u>19,762,884</u>	<u>19,662,389</u>

28.1 This represents charges recovered from clients amounting Rs. 2,391,453 net of sales tax amounting Rs. 329,856.

	Note	2023 Rupees	2022 Rupees
<b>29 FINANCE COST</b>			
Bank and other charges		<u>53,168</u>	<u>80,541</u>
		<u>53,168</u>	<u>80,541</u>

### 30 TAXATION

Income tax:

Current:

For the year

Prior year

Deferred

454,950 878,283

- 1,529

(52,018) 52,018

402,932 931,830

30.1 Income tax assessment of the Company have been finalized up to tax year 2022 on the basis of returns filed as the company did not receive any correspondence in this respect from the FBR.

30.2 No numeric tax rate reconciliation was presented in the financial statements for the current and prior year as the company was either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance 2001.

### 31 EARNINGS PER SHARE - BASIC AND DILUTED

Loss for the year - Rupees

(2,395,515) (5,437,267)

Weighted average number of ordinary shares  
outstanding during the year - Numbers

5,100,000 5,100,000

Earnings per share - Rupees

(0.47) (1.07)

### 32 NUMBER OF EMPLOYEES

2023 2022

( N u m b e r )

Total number of employees at the end of the year

17 18

Average number of employees at the year end

19 34

### 33 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, directors and executives of the company is as follows:

**Remuneration of Chief Executive**

Gross remuneration  
Provident fund contribution

Number of persons

**Remuneration of Director**

Gross remuneration  
Provident fund contribution

Number of persons

**Remuneration of Executives**

Gross remuneration  
Provident fund contribution

Number of persons

2023 Rupees	2022 Rupees
-	-
-	-
-	-
1	1
2,213,974	7,053,970
62,534	395,000
2,276,508	7,448,970
2	2
10,857,250	13,928,661
240,012	167,403
11,097,262	14,096,064
7	8
2023 Rupees	2022 Rupees

**34 FINANCIAL INSTRUMENTS BY CATEGORY****Financial assets and financial liabilities****Financial assets****At fair value through profit or loss**

Short term investment  
Long term investment

**Available for sale**

Long term investment

**Loans and receivables**

Long term deposits  
Trade debts  
Receivable against margin financing  
Receivable under margin trading system  
Loans and advances  
Accrued interest  
Trade deposits  
Cash and bank balances

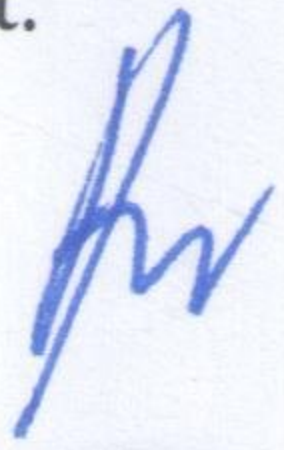
**Financial liabilities****At amortized cost**

Deposits, accrued liabilities and advances  
Trade and other payables  
Provident fund payable

50,022	249,115
9,006,813	-
9,056,835	249,115
-	15,832,971
1,500,000	1,500,000
126,833,540	126,333,686
7,863,736	16,240,587
16,795,597	-
2,103,627	4,981,295
1,837,288	1,837,288
14,653,000	35,980,000
23,536,650	36,836,270
195,123,438	223,709,127
1,477,010	1,870,486
15,681,995	26,527,229
2,555,649	4,033,261
19,714,654	32,430,976

### 35 CORRESPONDING FIGURES

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



The liquid capital balance has been prepared on the basis of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>							
1.1	Property & Equipment	Balance Sheet Value net of depreciation	100% of net value	Nil	2,327,131	2,327,131	-
1.2	Intangible Assets	Balance Sheet Value net of amortization	100% of net value	Nil	4,625,035	4,625,035	-
1.3	Investment in Govt. securities	Balance Sheet Value	Difference between book value and sale value on the date on the basis of PKRV published by NIFT	Sale value on the date on the basis of PKRV published by NIFT		-	-
1.4	Investment in debt securities	Balance Sheet Value net of any provision	<b>If listed than</b> i. 5% of the balance sheet value in the case of tenure up to 1 year	Net amount after deducting provisions and haircuts		5%	-
			ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years			7.5%	-
			iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			10%	-
	Investment in debt securities	Balance Sheet Value net of any provision	<b>If unlisted than</b> i. 10% of the balance sheet value in the case of tenure up to 1 year	Net amount after deducting provisions and haircuts		10%	-
			ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years			12.5%	-
			iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			15%	-
1.5	Investment in equity securities	Balance Sheet Value net of any provision	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher.	Net amount after deducting provisions and haircuts	50,022	10,113	39,909