



Yasir Mahmood Securities (Pvt) Ltd.

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STATEMENT OF CEO

FOR THE YEAR ENDED JUNE 30, 2023

I, Muhammad Yasir Mahmood, Chief Executive Officer of **M/s Yasir Mahmood Securities Private Limited**, do hereby undertake that there are no transaction entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities/futures market laws.

Muhammad Yasir Mahmood

Chief Executive Officer



TREC HOLDER PAKISTAN STOCK EXCHANGE LIMITED

Room # 205, 2nd Floor, LSE Building, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.
Phone: 042-36314141, 36314176-81 Fax: 042-36314188 E-mail: info@invest.pk, Website: www.invest.pk



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STATEMENT OF COMPLIANCE

FOR THE YEAR ENDED JUNE 30, 2023

- The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and the departures therefrom have been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The Brokerage house is considered to be a going concern and there are no reason(s) that the Brokerage House is unable to continue as going concern.
- The company did not make any default in payment of loans, TFC, Sukuk or other debt instruments.
- The company has duly complied with the Corporate Governance Code(s).

Muhammad Yasir Mahmood

Chief Executive Officer

On behalf of Board of Directors



TREC HOLDER PAKISTAN STOCK EXCHANGE LIMITED

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YASIR MAHMOOD SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the Report and the Audited Financial Statements of the company for the year ended June 30, 2023.

Stock Market Performance

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. The benchmark KSE-100 index closed FY23 at 41,453 points, down -0.2% / 88 points YoY. The 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.

Economic Performance

FY23 will be remembered as the most challenging period for the country in decades. Nearly all macroeconomic indicators deteriorated during the course of the year with CPI hitting a record 38.0% in May'23 forcing the central bank to hike the policy rate by 825bps to a record high 22.0%. Record high interest rates and rising current expenditures drove the fiscal deficit to a record PKR 6,521bn (7.7% of GDP). Things weren't any better on the external front as a combination of debt repayments and lack of external inflows amid continued deadlock with the IMF caused reserves to fall to an alarmingly low level of USD 2.9bn (barely 3 weeks of import cover). Resultantly the Rupee depreciated a massive 28% versus the USD. A silver lining in the midst of these macro vulnerabilities was the breakthrough with the IMF on a new 9-month Standby Agreement in June, paving the way for the release of USD 1.0bn and a further USD 3.2bn from friendly countries which were tied to an IMF endorsement. Resultantly, FX reserves recovered from multi-year lows to around USD 8.6bn and are currently hovering around USD 7.6bn.

Financial Results

The Company has suffered a loss of PKR 16.885 million compared to loss of PKR 19.507 million for the comparative period last year. The loss is mainly attributable to decline in operating revenue and decline in value of the company's investments. The financial results of the company are summarized as under:

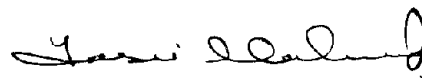
	2023 (In Rupees)	2022 (In Rupees)
Operating Revenue	9,915,859	13,579,018
Capital Gain (Loss) on Investment	(9,445,682)	(11,186,497)
Direct Cost	2,129,608	3,121,080
Operating Expenses	18,856,168	23,800,089
Other Income	7,054,091	7,250,760
Operating Profit / (Loss)	(13,461,509)	(17,277,889)
Financial Charges	2,990,998	2,191,438
Profit / (Loss) before tax	(16,452,507)	(19,469,327)
Taxation	433,201	37,935
Profit / (Loss) for the year	(16,885,708)	(19,507,262)
EPS per Share	(3.75)	(4.33)

Future Prospects

We are hopeful that after the IMF agreement and the political situation stabilizes, the stock market will grow, and the market turnover growth will increase the company's sales as well as its own portfolio. The company's sales management is actively seeking out undervalued companies to convince investors to invest in them, as they have strong potential for future growth. The company endeavors to provide its clients financial services of the highest quality.

October 04, 2023

for & on behalf of the Board



Muhammad Yasir Mahmood
(Chief Executive)

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the 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.

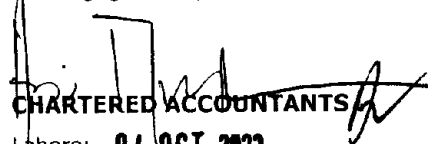
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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: 04 OCT 2023

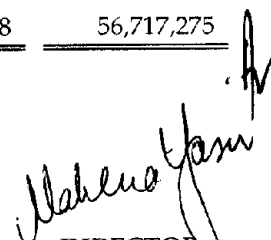
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YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	2,588,129	2,759,131
Intangible assets	5	8,357,083	8,524,583
Long term investments	6	13,065	22,981
Long term deposits	7	227,500	627,500
		11,185,777	11,934,195
CURRENT ASSETS			
Trade debts	8	-	261
Investment at fair value through profit or loss	9	12,582,343	21,346,620
Loans and advances	10	1,107,356	285,015
Trade deposits, short term prepayments and current account balances with statutory authorities	11	7,089,746	7,046,193
Other receivable	12	1,500	211,430
Cash and bank balances	13	4,974,366	15,893,560
		25,755,311	44,783,080
		36,941,088	56,717,275
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	14	45,001,000	45,001,000
Revenue reserve			
Accumulated loss		(24,834,612)	(7,948,904)
Capital reserve			
Fair value adjustment reserve	15	-	1,346
		20,166,388	37,053,442
NON CURRENT LIABILITIES			
Deferred taxation	16	-	130,971
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	304,392	335,476
Trade and other payable	18	553,650	524,619
Accrued markup		913,629	727,338
Loan from banking company	19	15,003,029	17,945,429
Provision for taxation		-	-
		16,774,700	19,532,862
CONTINGENCIES AND COMMITMENTS			
	20	-	-
		36,941,088	56,717,275

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


CHIEF EXECUTIVE


DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	21	9,915,859	13,579,018
Capital loss on investment in listed securities		(9,445,682)	(6,889,839)
Capital loss on investment in unquoted shares		-	(4,296,658)
		470,177	2,392,521
Direct cost	22	(2,129,608)	(3,121,080)
		(1,659,431)	(728,559)
Operating expenses	23	(17,684,328)	(18,679,096)
Other operating expenses	24	(1,171,840)	(5,120,993)
Other income	25	7,054,091	7,250,760
		(11,802,077)	(16,549,329)
OPERATING LOSS		(13,461,509)	(17,277,889)
Finance cost	26	(2,990,998)	(2,191,438)
LOSS BEFORE TAXATION		(16,452,507)	(19,469,327)
Taxation	27	(433,201)	(37,935)
LOSS FOR THE YEAR		(16,885,708)	(19,507,262)
		-----R u p e e s-----	
EARNINGS PER SHARE-BASIC AND DILUTED	28	(3.75)	(4.33)

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


CHIEF EXECUTIVE


DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Loss for the year	(16,885,708)	(19,507,262)
Items that will not be reclassified subsequently to statement of profit or loss	-	-
Items that may be reclassified subsequently to statement of profit or loss		
Reversal on disposal of long term investment	-	(1,149,121)
Reserval on reclassification of long term investment	(1,896)	-
Gain on remeasurement of long term investment	-	703
Deferred tax thereon	550	(550)
Other comprehensive loss for the year	(1,346)	(1,148,968)
Total comprehensive loss for the year	<u>(16,887,054)</u>	<u>(20,656,230)</u>

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



CHIEF EXECUTIVE

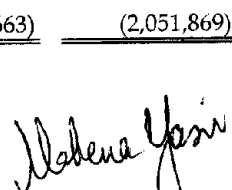

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(16,452,507)	(19,469,327)
Adjustments for non cash items:			
Depreciation	4	366,251	319,133
Amortization	5	167,500	174,167
Interest expense		2,945,533	2,152,627
Unrealized loss on re-measurement of investments	9	10,617,522	11,774,018
Provision for doubtful debts		-	236,814
Reversal of provision for loans and advances		(15,050)	(12,000)
Capital loss on sale of long term investment		-	4,296,658
		<u>14,081,756</u>	<u>18,941,417</u>
Operating Cash Flows Before Working capital changes		(2,370,751)	(527,910)
Changes in Working Capital			
(Increase) / decrease in current assets			
Accounts receivables		15,311	554,352
Loans and advances		(822,341)	138,314
Trade deposits, short term prepayments		302,726	(4,736,482)
Other receivable		209,930	(211,430)
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		(31,084)	(279,961)
Trade and other payable		29,031	(76,049,287)
		<u>(296,427)</u>	<u>(80,584,494)</u>
Cash Used In Operations		(2,667,178)	(81,112,404)
Taxes paid		(909,899)	(890,111)
Interest cost paid		(2,759,242)	(1,851,823)
		<u>(3,669,141)</u>	<u>(2,741,934)</u>
Net Cash Used In Operations		(6,336,318)	(83,854,338)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(195,250)	(1,497,730)
Long term investments		-	(3,500)
Short term investments - net		(1,845,225)	(337,028)
Proceeds from long term investment - net		-	12,645,000
Long term deposits - net		400,000	1,100,000
Net Cash (Used In)/Generating from Investing Activities		(1,640,475)	11,906,742
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,976,793)	(71,947,596)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(2,051,869)	69,895,727
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	(10,028,663)	(2,051,869)
A Cash and Cash Equivalents			
Short term running finance	19	(15,003,029)	(17,945,429)
Cash and bank balances	13	4,974,366	15,893,560
		<u>(10,028,663)</u>	<u>(2,051,869)</u>

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


CHIEF EXECUTIVE


DIRECTOR

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

Paid up capital	Accumulated loss	Fair value adjustment reserve	Total
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----- (R u p e e s) -----

Balance as at June 30, 2021

45,001,000	11,558,358	1,150,314	57,709,672
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Profit after taxation
Other comprehensive loss

-	(19,507,262)	-	(19,507,262)
-	-	(1,148,968)	(1,148,968)

Total comprehensive loss for the year

-	(19,507,262)	(1,148,968)	(20,656,230)
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Balance as at June 30, 2022

45,001,000	(7,948,904)	1,346	37,053,442
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Loss after taxation
Other comprehensive loss

-	(16,885,708)	-	(16,885,708)
-	-	(1,346)	(1,346)

Total comprehensive loss for the year

-	(16,885,708)	(1,346)	(16,887,054)
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Balance as at June 30, 2023

45,001,000	(24,834,612)	-	20,166,388
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The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 COMPANY AND ITS OPERATION

1.1 Yasir Mahmood Securities (Private) Limited ("the Company") was incorporated on June 05, 2006 as a private limited Company under the repealed Companies Ordinance, 1984. The Company is principally engaged in the business of brokerage, financial consultancy, underwriting, portfolio management/acquisition of securities and securities research. The registered office of the Company is situated at 2nd Floor, Room # 205, 19- Khayaban-e-Aiwan-e-Iqbal, LSF Building, Lahore. The category of the Company is Trading Only Securities Broker effective from June 24, 2022.

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



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the number of days basis 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 the 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 amortization is charged based upon straight line method. Amortization on additions is charged for the numbers of days in which an asset is acquired while no amortization is charged for the month in which an asset is disposed off

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 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.

3.7 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.

3.7 CASH AND CASH EQUIVALENTS

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

3.8 BORROWINGS

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

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

3.9 TAXATION

Current

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

Deferred

Deferred tax is recognized using the liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

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

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

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

3.10 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at cost, which is the fair value of the consideration to be paid, in the future for goods and services received and subsequently measured at amortized cost.

3.11 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

3.12 CONTINGENT LIABILITIES

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the 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 statement of profit or loss.

3.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

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

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



3.15 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses and sales tax. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the statement of profit or loss account in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

3.16 BASIC AND DILUTED EARNINGS PER SHARE

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

3.17 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

3.18 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.



4 Property and equipment

Particulars	Cost			Depreciation				W.D.V. As at June 30, 2023			
	As at June 30, 2022	Additions	Deletion	As at June 30, 2023	Rate %	As at June 30, 2022	charge for the year		Addition	Adjustment	As at June 30, 2023
OWNED											
Computers	1,826,540	146,800	-	1,973,340	33	1,588,843	78,440	32,296	-	1,699,579	273,761
Furniture and fixtures	256,464	-	-	256,464	10	176,459	8,001	-	-	184,460	72,004
Office equipments	548,322	48,450	-	596,772	10	412,485	13,584	3,372	-	429,441	167,331
Electric equipments	851,076	-	-	851,076	10	547,598	30,348	-	-	577,946	273,130
Vehicles	2,750,000	-	-	2,750,000	10	747,886	200,211	-	-	948,097	1,801,903
	6,232,402	195,250	-	6,427,652		3,473,271	330,583	35,668	-	3,839,523	2,588,129

4.1 Property and equipment

Particulars	Cost			Depreciation				W.D.V. As at June 30, 2022			
	As at June 30, 2021	Additions	Deletion	As at June 30, 2022	Rate %	As at June 30, 2021	charge for the year		Addition	Adjustment	As at June 30, 2022
OWNED											
Computers	1,710,310	116,230	-	1,826,540	33	1,473,703	115,140	-	-	1,588,843	237,697
Furniture and fixtures	224,964	31,500	-	256,464	10	168,736	7,723	-	-	176,459	80,005
Office equipment	548,322	-	-	548,322	10	397,392	15,093	-	-	412,485	135,837
Electric equipment	851,076	-	-	851,076	10	513,878	33,720	-	-	547,598	303,478
Vehicle	1,400,000	1,350,000	-	2,750,000	10	600,429	147,457	-	-	747,886	2,002,114
	4,734,672	1,497,730	-	6,232,402		3,154,138	319,133	-	-	3,473,271	2,759,131

4.2 Depreciation has been allocated as under:

2023	2022
Rupees	Rupees
330,583	319,133
330,583	319,133

Operating expenses

	Note	2023 Rupees	2022 Rupees
5 INTANGIBLE ASSETS			
Rights of room		5,000,000	5,000,000
Trading right entitlement certificate (TREC)	5.1	2,500,000	2,500,000
Membership of Royal Palm Country Club		400,000	400,000
Computer software	5.2	457,083	624,583
		<u>8,357,083</u>	<u>8,524,583</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. The Trading Right Entitlement Certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business. It has been carried at cost less impairment.

5.2 Computer software

Particulars	Cost			Rate %	Amortization		W.D.V.	
	As at June 30, 2022	Additions/ (Deletions)	As at June 30, 2023		As at June 30, 2022	charge for the year	As at June 30, 2023	As at June 30, 2023
	-----Rupees-----				-----Rupees-----			
Computer software	2,496,500	-	2,496,500	20%	1,871,917	167,500	2,039,417	457,083

5.2.1 Computer software

Particulars	Cost			Rate %	Amortization		W.D.V.	
	As at June 30, 2021	Additions/ (Deletions)	As at June 30, 2022		As at June 30, 2021	charge for the year	As at June 30, 2022	As at June 30, 2022
	-----Rupees-----				-----Rupees-----			
Computer software	2,496,500	-	2,496,500	20%	1,697,750	174,167	1,871,917	624,583

5.2.2 This includes fully amortized software having cost and accumulated amortization of Rs. 1,659,000 (2022: Rs. 1,659,000).

5.2.3 Amortization has been allocated as under:

	Note	2023 Rupees	2022 Rupees
Operating expenses	5.2	<u>167,500</u>	<u>174,167</u>
		<u>167,500</u>	<u>174,167</u>

	Note	2023 Rupees	2022 Rupees
6 LONG TERM INVESTMENTS			
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,		21,085	21,085
Fair value adjustment		(8,020)	1,896
	6.3	<u>13,065</u>	<u>22,981</u>

6.1 Particulars of investment

Cost			
Opening balance		21,085	16,959,243
Disposal during the year		-	(16,941,658)
Addition during the year		-	3,500
		21,085	21,085
Fair value adjustment			
Opening balance		1,896	1,150,314
Accumulated reserve transferred to profit or loss		-	(1,149,121)
Unrealized (loss)/gain for the year		(9,916)	703
		(8,020)	1,896
	6.2	<u>13,065</u>	<u>22,981</u>

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

	No. of shares	Rupees
LSE Proptech Limited	428	2,059
LSE Venture Limited	1,223	11,006
	<u>1,651</u>	<u>13,065</u>

	Note	2023 Rupees	2022 Rupees
7 LONG TERM DEPOSITS			
Deposit with:			
National Clearing Company of Pakistan Ltd.		-	400,000
Central Depository Company Limited		100,000	100,000
Others		127,500	127,500
		<u>227,500</u>	<u>627,500</u>

	Note	2023 Rupees	2022 Rupees
8 Trade debts			
Receivable from clients on account of:			
Purchase of shares on behalf of clients		233,794	236,844
Less: Provision for doubtful debts	8.1	<u>(233,794)</u>	<u>(236,844)</u>
		<u>-</u>	<u>-</u>
8.1 Provision for doubtful debts			
Opening balance		236,844	30
Reversal made during the year		(3,050)	-
Provision made during the year		-	236,814
Less: Balances written off		-	-
		<u>233,794</u>	<u>236,844</u>
9 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS			
Investment in listed securities	9.1	12,575,229	21,337,978
Investment in mutual funds	9.2	<u>7,114</u>	<u>8,642</u>
		<u>12,582,343</u>	<u>21,346,620</u>
9.1 Investment in listed companies			
Cost value		18,569,050	26,220,785
Loss on remeasurement of fair value of investment as at June 30,		<u>(5,993,821)</u>	<u>(4,882,807)</u>
	9.1	<u>12,575,229</u>	<u>21,337,978</u>
9.2 Investment in mutual funds			
Cost		10,443	10,014
Loss on re-measurement of fair value of investment as at June 30,		<u>(3,329)</u>	<u>(1,372)</u>
		<u>7,114</u>	<u>8,642</u>
9.4 This includes shares having carrying value of Rs. 7,877,158 (2022: Rs. 11,734,400) pledged with National Clearing Company of Pakistan Limited.			
10 LOANS AND ADVANCES			
Un-secured and Interest Free	Note	2023 Rupees	2022 Rupees
Advances to:			
Employees	10.1	<u>1,107,356</u>	<u>285,015</u>
		<u>1,107,356</u>	<u>285,015</u>
10.1 Movement of advances			
Advances to employees		1,214,744	404,403
Less: Provision for doubtful advances		<u>(107,388)</u>	<u>(119,388)</u>
		<u>1,107,356</u>	<u>285,015</u>

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	Note	2023 Rupees	2022 Rupees
11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
E Clear Service Limited		4,554,534	4,796,783
Prepayments		4,208	64,683
Tax deducted at source		2,531,004	2,184,727
		<u>7,089,746</u>	<u>7,046,193</u>
12 OTHER RECIEVABLE			
Other receivable		1,984,500	2,194,430
Less: Provision against other receivables	12.1	<u>(1,983,000)</u>	<u>(1,983,000)</u>
		<u>1,500</u>	<u>211,430</u>

12.1 This represents provision made against balance amount due from a former employee against fraud committed by him. The Company is pursuing the recovery and is hopeful that it will be able to recover the amount. However, as a matter of prudence, the provision against aforesaid balance has been fully provided for in these financial statements.

	Note	2023 Rupees	2022 Rupees
13 CASH AND BANK BALANCES			
These were held as under:			
In hand		367	2,408
Cash at bank:			
Current Accounts			
Pertaining to brokerage house		327,376	362,741
Pertaining to clients		-	11,000
		327,376	373,741
Deposit Accounts			
Pertaining to brokerage house	13.1	4,646,623	14,907,157
Pertaining to clients	13.1	-	610,254
		<u>4,646,623</u>	<u>15,517,411</u>
		<u>4,973,999</u>	<u>15,891,152</u>
		<u>4,974,366</u>	<u>15,893,560</u>

13.1 These carry markup ranging from @ 12.5% to 18% (2022: @ 5% to 12.5%) per annum.

	2023 Rupees	2022 Rupees
14 SHARE CAPITAL		
Authorized		
10,000,000 (2022: 10,000,000) ordinary shares of Rs.10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up		
4,500,100 (2022: 4,500,100) ordinary shares of Rs.10 each fully paid in cash	<u>45,001,000</u>	<u>45,001,000</u>

14.1 Categories of shareholders

	% age of Shares Held		Number of Shares Held	
	2023	2022	2023	2022
Individuals				
Director				
Mrs. Mahena Yasir	0.01%	0.01%	450	450
Chief Executive				
Muhammad Yasir Mahmood	99.99%	99.99%	4,499,650	4,499,650
	<u>100%</u>	<u>100%</u>	<u>4,500,100</u>	<u>4,500,100</u>

15 FAIR VALUE ADJUSTMENT RESERVE

	Note	2023 Rupees	2022 Rupees
This represented accumulated gain on investment at available for sale.		-	1,346

16 DEFERRED TAXATION

Deferred tax liabilities/(assets) arising due to:

Accelerated tax depreciation		137,874	130,421
Accelerated tax amortization		(37,742)	(702)
Provision against receivables		(67,800)	(68,685)
Provision against doubtful balances		(606,213)	(34,623)
Gain on long term investment		(1,003)	550
Minimum taxes paid		(325,833)	(193,785)
Taxable business and depreciation losses		(2,511,478)	(815,792)
Unrealized loss on short term investment		(899,572)	(732,627)
Capital losses (un-quoted)		-	(1,246,031)
Capital losses (quoted)		(2,717,537)	(1,445,495)
Deferred tax asset not recognised		7,029,304	4,537,740
		<u>-</u>	<u>130,971</u>
Balance as at July 01,		130,971	83,781
Less: Charge for the year in:			
Profit or loss		(130,421)	46,640
Other comprehensive income		(550)	550
		<u>(130,971)</u>	<u>47,190</u>
		<u>-</u>	<u>130,971</u>

16.1 At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset. However, deferred tax asset amounting Rs. 7,029,304 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.

16.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum taxes (Rupees)	Accounting year in which minimum tax will expire
2022	193,785	2027
2023	132,048	2026

16.3 Capital losses (quoted) would expire as follows:

Accounting year to which capital loss relates	Amount (Rupees)	Accounting year in which capital loss will expire
2022	7,162,495	2025
2023	10,954,416	2026

16.4 Business losses would expire as follows:

Accounting year to which business loss relates	Amount (Rupees)	Accounting year in which business loss will expire
2022	2,372,394	2028
2023	5,347,123	2029

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

Accounting year to which depreciation loss relates	Amount (Rupees)
2022	440,682
2023	500,070

	Note	2023 Rupees	2022 Rupees
17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		<u>304,392</u>	<u>335,476</u>

18 TRADE AND OTHER PAYABLE

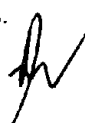
Creditors for sale of shares on behalf of clients	18.1	401,592	413,672
Tax deducted at source payables		17,170	11,130
Sales tax payable		<u>134,888</u>	<u>99,817</u>
		<u>553,650</u>	<u>524,619</u>

18.1 The total value of securities pertaining to clients are Rs. Nil (2022: Rs. Nil) held in sub-accounts of the company. No security is pledged by client to the financial institutions.

19 LOAN FROM BANKING COMPANY

From financial instruction - Running finance	19.1	<u>15,003,029</u>	<u>17,945,429</u>
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19.1 The company has been sanctioned a credit limit of Rs. 20.00 million (2022: Rs. 20.00 million) by the JS Bank Limited. This is secured by token registered mortgage of Rs. 0.1 million, equitable mortgage over personal residential property of the chief executive and personal guarantee of all directors of the company. This carries mark up at the rate of 3-month KIBOR plus 300 basis points.



20 CONTINGENCIES AND COMMITMENTS

20.1 Commitments

20.1.1 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 5.00 million to Pakistan Stock Exchange (PSX) on behalf of the company for meeting the Base Minimum Capital requirements.

20.2 Contingencies

20.2.1 The Deputy Commissioner Inland Revenue (the DCIR), Unit-II, Range-I, Zone-I, LTO Lahore issued notice u/s 176(1) for the Tax Year 2018 dated 19-04-2023 regarding adjustment of refund of Rs.132,110 pertaining to tax year 2018 against the income tax payable with return. The Company complied the said notice and reply in this regard was submitted on 03-05-2023. No further correspondence has been received from tax department till date.

20.2.2 The Deputy Commissioner Inland Revenue (the DCIR), Unit-II, Range-I, Zone-I LTO Lahore issued notice under Rule 44(4) of the Rules for the Tax Year 2017 dated 09-05-2023. The Company complied the said notice and the reply in regard was submitted on 23-06-2023. No further correspondence has been received from the tax department till date. The company has also filed an application for refund of tax paid in access amounting Rs.530,145 for the Tax Year 2017.

20.2.3 The Deputy Commissioner Inland Revenue (the DCIR), Unit-II, Range-I, Zone-I, LTO Lahore issued notice under 176(1) for the Tax Year 2021 dated 19-04-2023 for adjustment of refund of Rs.133,201 pertaining to tax year 2021 against the income tax payable with return. The Company complied the said notice by submitting reply dated 27-04-23. No further correspondence has been received from the tax department till date.

20.2.4 Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for the Tax Year 2018 were initiated by the Assistant Commissioner Inland Revenue (ACIR) (Enforcement & Collection), Unit-VIII, Range-II, Zone-IV, CRTO, Lahore through notice dated January 08, 2019. The Company complied the said notice by submitting all the required reconciliations alongwith supporting data/documents, etc. through letter no. IT/Y-04/19/82, 1T/Y-04/19/122 & IT/Y-04/19/175, dated January 31, 2019, February 13, 2019 & February 28, 2019 respectively. However, no further correspondence has been received from the tax department till date.

20.2.5 The Company was selected for Tax Audit u/s 214D of the Ordinance by the Federal Board of Revenue (the Board) for the audit of the Income Tax affairs u/s 177 for the Tax Year 2016. Proceedings were initiated by the Deputy Commissioner Inland Revenue (DCIR) (Audit), Unit IV, Range-I, Zone-IV, CRTO, Lahore through notice dated October 13, 2017 issued u/s 177(1) of the Ordinance. The Company complied the said notice through letters no. 1T/Y-04/17/804 and 1T/Y-04/17/840 dated October 18, 2017 and November 1, 2017 respectively.

Subsequently, the DCIR issued show cause notice u/s 122(9) of the Income Tax Ordinance, 2001 for Tax Year 2016 dated 21-02-2018. The company duly submitted all the requisite data/information through various letters. Last reply in this regard was submitted on 31-05-2019. Subsequently, the DCIR finalized the above proceedings by passing an Order u/s 122(1) dated 30-11-2020, raising a tax demand of Rs.11,136,163.

Being aggrieved from the aforesaid order, the Company filed an appeal before Commissioner Inland Revenue (CIR-Appeals) Lahore on December 29, 2020. The main hearing of the case was heard on June 23, 2021 and CIR-Appeals after considering the arguments, remanded the case back to the DCIR vide Order no. 38 u/s 129(1)(b) dated June 30, 2021.

Later on, the DCIR, Unit-02, Range-I, Zone-I, Large Taxpayers Office, Lahore initiated set-aside proceedings by issuing show cause notice u/s 124/122(9) of the Ordinance dated 10-05-2023. The Company duly submitted all the requisite data/information through letter dated 17-05-23. Subsequently, the DCIR finalized the above proceedings by passing Order u/s 122(4) dated 26-06-2023 and made addition of Rs.965,378 under the head indirect expenses, which resulted into decrease of tax refunds from Rs.281,158 to Rs.34,018. The respective adjustments have been made in the financial statements accordingly.

20.2.6 Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for Tax Year 2016 were initiated by the DCIR (Enforcement & Collection), Unit-VIII, Range-II, Zone-IV, CRTO, Lahore through notice dated February 10, 2018. The Company complied the said notice and provided the data/information/documents along with supporting reconciliation through various letters. Later, the DCIR issued notice u/s 161/205 of the Ordinance dated March 05, 2018. The Company complied the aforesaid notice by submitting required data through letters no. IT/Y-04/18/249 and IT/Y-04/18/504 dated March 12, 2018 and May 16, 2018 respectively. The DCIR finalized the above proceedings by passing an order dated 29-07-2022 by raising a tax demand of Rs. 10,023 which have been paid by the company during the year and respective accrual was provided in the financial statements as at June 30, 2022.

20.2.7 The ACIR (Enforcement & Collection), Unit-VDT, Range-II, Zone-IV, CRTO, Lahore initiated the proceedings u/s 161/205 of the Ordinance for the Tax Year 2015 through notice no. 647 dated March 09, 2017. The Company through its authorized representative complied the aforesaid notice by submitting required data through letters no. IT/Y-04/17/256, IT/Y-04/17/296 and IT/Y-04/17/335 dated March 27, 2017, April 06, 2017 and April 21, 2017 respectively. However, no further correspondence has been received from the tax department till date.

20.2.8 Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for Tax Year 2013 were initiated by the ACIR, Unit-V, Withholding Tax Zone, RTO, Lahore through notice dated April 04, 2014. The authorized representative of the Company complied the said notice and provided the complete data/information/documents along with supporting reconciliation vide letter no. Ref: IT/Y-04/14/211. Later, the DCIR (Enforcement & Collection), Unit-VIII, Range-II, Zone-IV, CRTO, Lahore issued notice u/s 161/205 of the Ordinance bearing no. 2691570/E&C-8, dated August 16, 2016. The Company through its AR complied the aforesaid notice through letters no. IT/Y-04/16/488 dated August 23, 2016. However, no further correspondence has been received from the tax department till date.

20.2.9 The Deputy Commissioner Inland Revenue (DCIR), Unit-06, Enforcement, LTO, Lahore issued notice dated 19-04-2022 seeking explanation regarding non-declaration of Sales in Federal Sales Tax Returns for the period starting from July, 2020 to June, 2021. The Company complied the aforesaid notice through letter dated 26-04-2022 and contested that the Company is a service provider and the revenue declared in Income Tax Return is from services rendered in the province of the Punjab. As there was no activity in ICT during the said period. Therefore, the Company filed nil sales tax returns with FBR. No further correspondence has been received from the tax department till date.

21 BROKERAGE AND COMMISSION

Brokerage and commission - gross
Less: Sales tax

	2023 Rupees	2022 Rupees
	11,502,396	15,752,821
	<u>(1,586,537)</u>	<u>(2,173,803)</u>
	<u>9,915,859</u>	<u>13,579,018</u>

21.1 This includes commission earned from the following related parties:

Name of related party	Basis of relationship		
Muhammad Yasir Mahmood	Chief Executive	<u>65,804</u>	<u>20,355</u>

22 DIRECT COST

Charges paid to:

National Clearing Company trade fee	71,187	397,844
Central Depository Company charges	100,326	670,074
Pakistan Stock Exchange charges	87,276	718,363
LSE Financial Services Limited charges	80,500	52,542
E-Clear Service charges	355,705	4,848
Commission paid	<u>1,434,614</u>	<u>1,277,409</u>
	<u>2,129,608</u>	<u>3,121,080</u>

Am

		2023 Rupees	2022 Rupees
23 OPERATING EXPENSES			
Directors' remunerations		7,695,600	7,695,600
Salaries and other benefits		6,447,268	7,403,968
Rent, rates and taxes		47,840	38,193
Traveling and conveyance		73,818	67,380
Utilities		428,283	303,478
Communication charges		409,707	405,845
Printing and stationery		78,841	97,511
Repair and maintenance		752,570	308,619
Fee and subscription		320,279	312,009
Legal and professional charges	23.1	345,303	531,403
News papers and periodicals		5,050	7,410
Entertainment		302,438	492,242
Insurance		132,564	86,019
Postage and telegram		40,304	184,786
Donation		-	197,000
Depreciation	4	366,251	319,133
Amortization	5	167,500	174,167
Miscellaneous expenses		70,713	54,333
		<u>17,684,328</u>	<u>18,679,096</u>

23.1 Auditor's remuneration

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

	Note	2023 Rupees	2022 Rupees
Amin, Mudassar & Co.			
Chartered Accountants			
Audit Services			
Statutory audit		90,000	115,500
Non-Audit Services			
Certification fee for regulatory purposes		18,000	56,964
		<u>108,000</u>	<u>172,464</u>

24 OTHER OPERATING EXPENSES

Un-realised loss on remeasurement of long term investment at fair value through profit or loss	8,020	-
Un-realised loss on remeasurement of short term investment at fair value through profit or loss	1,160,491	4,882,807
Un-realised loss on remeasurement of investment in mutual funds at fair value through profit or loss	3,329	1,372
Provision for doubtful advances	-	236,814
	<u>1,171,840</u>	<u>5,120,993</u>

	2023 Rupees	2022 Rupees
25 OTHER INCOME		
Income from financial assets		
Dividend income	2,015,822	1,563,363
Profit on saving accounts	206,153	3,737,770
Bonus received on investment in mutual funds	-	146
Profit on Eclear deposit	4,154,974	-
Profit on NCCPL deposit	-	13,659
Interest on T-bills	14,092	-
Reversal of provision for doubtful debts	3,050	-
Reversal of provision for loans and advances	12,000	12,000
	<u>6,406,091</u>	<u>5,326,938</u>
Income from assets other than financial assets		
Account maintenance and custody fee	648,000	839,045
IPO Commission	-	16,615
Other income	-	1,068,162
	<u>648,000</u>	<u>1,923,822</u>
	<u>7,054,091</u>	<u>7,250,760</u>
26 FINANCE COST		
Markup on borrowings	2,945,533	2,152,627
Bank charges	45,465	38,811
	<u>2,990,998</u>	<u>2,191,438</u>
27 TAXATION		
Income tax:		
-Current	316,566	392,909
-Prior year	247,056	(401,614)
-Deferred	(130,421)	46,640
	<u>433,201</u>	<u>37,935</u>
27.1 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.		
28 EARNINGS PER SHARE-BASIC AND DILUTED	2023	2022
Loss for the year - Rupees	<u>(16,885,708)</u>	<u>(19,507,262)</u>
Weighted average number of ordinary shares outstanding during the year - Numbers	<u>4,500,100</u>	<u>4,500,100</u>
Earnings per share-Rupees	<u>(3.75)</u>	<u>(4.33)</u>
	2023	2022
	(-----N u m b e r-----)	
29 NUMBER OF EMPLOYEES		
Number of employees at the end of year	<u>11</u>	<u>14</u>
Average number of employees during the year	<u>11</u>	<u>14</u>
30 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS		
The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive and directors of the company is as follows:		

	2023 -----Rupees-----			
	Chief Executive	Director	Executive	Total
Managerial Remuneration	<u>3,847,800</u>	<u>3,847,800</u>	<u>1,438,560</u>	<u>9,134,160</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>

	2022			
	-----Rupees-----			
Managerial Remuneration	<u>3,847,800</u>	<u>3,847,800</u>	<u>1,298,700</u>	<u>8,994,300</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>

The Chief Executive and directors are entitled to free use of cars according to the company's policy.

31 FINANCIAL INSTRUMENTS BY CATEGORY	Note	2023 Rupees	2022 Rupees
Financial assets and financial liabilities:			
Financial assets			
Available for sale			
Long term investment		-	22,981
At fair value through profit or loss:			
Long term investment		13,065	-
At fair value through profit or loss:			
Short term investment		12,582,343	21,346,620
Loans and receivables			
Long term deposits		227,500	627,500
Trade debts		-	261
Trade deposits		4,558,742	4,861,466
Cash and bank balances		<u>4,974,366</u>	<u>15,893,560</u>
		<u>22,356,016</u>	<u>42,752,388</u>
Financial liabilities			
Financial liabilities at amortized cost			
Deposits, accrued liabilities and advances		304,392	335,476
Trade and other payables		401,592	413,672
Accrued markup		913,629	727,338
Loan from banking company		<u>15,003,029</u>	<u>17,945,429</u>
		<u>16,622,642</u>	<u>19,421,915</u>

32 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.

35 GENERAL

Figures have been rounded off to the nearest of rupee.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 04 OCT 2023 by the Board of Directors of the company.


CHIEF EXECUTIVE


DIRECTOR