

YASIR MAHMOOD SECURITIES (PVT) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022.

Market Review

The benchmark KSE-100 index closed FY22 at 41,541 points, down 12.28% / 5,815 points YoY. The steep PKR depreciation took the US\$ based return to a negative 32.54%, the worst performance since FY19 (-38.60%). Stocks suffered during the year amid a burgeoning external account deficit, rising inflationary pressures exacerbated by the commodity super cycle, increased political noise and change in political leadership. Delays in approval of IMF's sixth and seventh review and reclassification from the MSCI Emerging Markets to Frontier Markets further weakened market sentiment.

Economic Review

Pakistan's economy continued its growth momentum, reflected by 5.97% GDP growth contributed by supportive macroeconomic policies which boosted aggregate demand. Tax revenues also remained robust rising 28% YoY to PKR 6.76trn with FBR revenues of PKR 6.14trn (+29% YoY) exceeding the revised target of PKR 6.1trn. The accelerating GDP growth led by higher aggregate demand, accommodative monetary and fiscal policies together with the consequence of the Russia-Ukraine conflict on global commodity prices led to escalating current account deficit which ballooned to US\$ 17.3bn (FY21: US\$ 2.8bn). FY22 marked the beginning of global economic slowdown as the world economies began to experience the effects of the commodity super-cycle with prices surging owing to a combination of supply side pressures and rising energy prices. As a result, forex reserves fell to US\$ 9.8bn as of June 30, 2022 with PKR depreciating 23.1% against the US\$ during the outgoing fiscal year. Pakistan was no exception as it faced mounting inflationary pressures with CPI rising to 21.32% in June 2022 averaging 12.15% in FY22 against 8.90% recorded in the prior year. The high current account deficit together with rising inflationary pressures forced the central bank to change policy direction with a cumulative 675 bps of monetary tightening to 13.75% during FY22.

Financial Results

The Company has suffered a loss of PKR 19.507 million compared to profit of PKR 15.236 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:

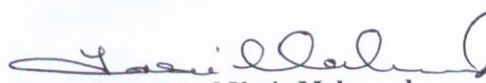
	2022 (In Rupees)	2021 (In Rupees)
Operating Revenue	13,579,018	22,964,735
Capital Gain (Loss) on Investment	(11,186,497)	7,857,896
Direct Cost	3,121,080	4,536,052
Operating Expenses	23,800,089	18,163,523
Other Income	7,250,760	9,995,839
Operating Profit / (Loss)	(17,277,889)	18,118,895
Financial Charges	2,191,438	1,681,362
Profit / (Loss) before tax	(19,469,327)	16,437,533
Taxation	37,935	1,201,979
Profit / (Loss) for the year	(19,507,262)	15,235,554
EPS per Share	(4.33)	3.39

Future Prospects

We have opted to become Trading Only (TO) member from Trading & Self Clearing (TSC) from June 24, 2022. This will reduce our costs and will allow us to concentrate on marketing to generate more business. The future outlook and profitability of the company is mainly dependent on the stock market performance which is expected to show better performance because of expected recovery of the economy, after the remedial measures to address the Balance of Payment crises are taken by the new government. The company endeavors to provide its clients financial services of the highest quality.

September 24, 2022

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2022 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, 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 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
24 SEP 2022

Lahore:

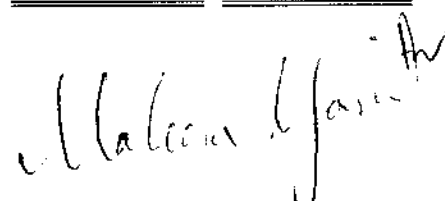
UDIN: AR202210082bdB3gSUKc

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	2,759,131	1,580,534
Intangible assets	5	8,524,583	8,698,750
Long term investments	6	22,981	18,109,557
Long term deposits	7	627,500	1,727,500
		11,934,195	30,116,341
CURRENT ASSETS			
Trade debts	8	261	791,427
Investment at fair value through profit or loss	9	21,346,620	32,783,610
Loans and advances	10	285,015	411,329
Trade deposits, short term prepayments and current account balances with statutory authorities	11	7,046,193	1,996,865
Other receivable	12	211,430	-
Cash and bank balances	13	15,893,560	82,934,984
		44,783,080	118,918,215
		56,717,275	149,034,556
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	14	45,001,000	45,001,000
Revenue reserve (Accumulated loss)/unappropriated profit		(7,948,904)	11,558,358
Capital reserve			
Fair value adjustment reserve	15	1,346	1,150,314
		37,053,442	57,709,672
NON CURRENT LIABILITIES			
Deferred taxation	16	130,971	83,781
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	335,476	615,437
Trade and other payable	18	524,619	76,573,906
Accrued markup		727,338	426,534
Loan from banking company	19	17,945,429	13,039,257
Provision for taxation		-	585,969
		19,532,862	91,241,103
CONTINGENCIES AND COMMITMENTS			
	20	-	-
		56,717,275	149,034,556

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


CHIEF EXECUTIVE

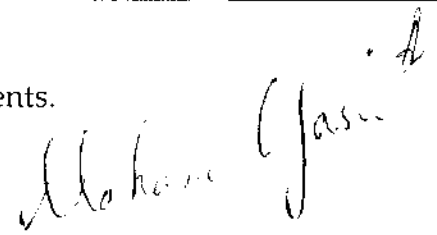

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Brokerage and commission	21	13,579,018	22,964,735
Capital loss on investment in listed securities		(6,889,839)	
Capital loss on investment in unquoted shares		(4,296,658)	7,857,896
		2,392,521	30,822,631
Direct cost	22	(3,121,080)	(4,536,052)
		(728,559)	26,286,579
Operating expenses	23	(18,679,096)	(17,702,878)
Other operating expenses	24	(5,120,993)	(460,645)
Other income	25	7,250,760	9,995,839
		(16,549,329)	(8,167,684)
OPERATING (LOSS)/PROFIT		(17,277,889)	18,118,895
Finance cost	26	(2,191,438)	(1,681,362)
(LOSS)/PROFIT BEFORE TAXATION		(19,469,327)	16,437,533
Taxation	27	(37,935)	(1,201,979)
(LOSS)/PROFIT FOR THE YEAR		(19,507,262)	15,235,554
		-----R u p e e s-----	
EARNINGS PER SHARE-BASIC AND DILUTED	28	(4.33)	3.39

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


CHIEF EXECUTIVE

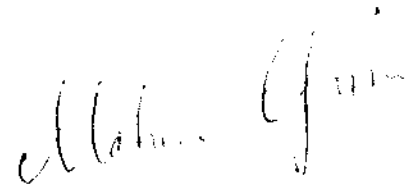

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
(Loss)/profit for the year	(19,507,262)	15,235,554
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		
Reserve reclassified on disposal of available for sale investment	(1,149,121)	-
Gain on remeasurement of available for sale investment	703	261,601
Deferred tax on available for sale investment	(550)	-
Other comprehensive (loss)/income for the year	(1,148,968)	261,601
Total comprehensive (loss)/income for the year	(20,656,230)	15,497,155

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


CHIEF EXECUTIVE

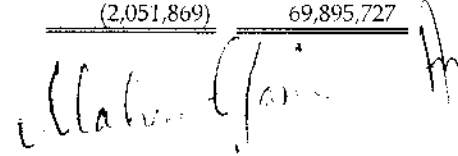

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before taxation		(19,469,327)	16,437,533
Adjustments for non cash items:			
Depreciation	4	319,133	233,370
Amortization	5	174,167	113,750
Interest expense		2,152,627	1,622,353
Unrealized loss/(gain) on re-measurement of investments	9	11,774,018	(4,355,022)
Provision for doubtful debts		236,814	-
Reversal of provision for loans and advances		(12,000)	-
Capital loss on sale of long term investment		4,296,658	-
Gain on disposal of fixed asset		-	(243)
		<u>18,941,417</u>	<u>(2,385,792)</u>
Operating Cash Flows Before Working capital changes		(527,910)	14,051,741
Changes in Working Capital			
(Increase)/ decrease in current assets			
Accounts receivables		554,352	1,773,344
Loans and advances		138,314	109,130
Trade deposits, short term prepayments		(4,736,482)	53,640
Other receivable		(211,430)	-
Investment at fair value through profit or loss		(337,028)	(7,297,295)
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		(279,961)	370,855
Trade and other payable		(76,049,287)	32,136,373
		<u>(80,921,522)</u>	<u>27,146,047</u>
Cash (Used In)/Generated From Operations		(81,449,432)	41,197,788
Taxes paid		(890,111)	(586,572)
Interest cost paid		(1,851,823)	(1,624,676)
		<u>(2,741,934)</u>	<u>(2,211,248)</u>
Net Cash (Used In)/Generated From Operations		(84,191,366)	38,986,540
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(1,497,730)	(187,370)
Intangible asset purchased		-	(787,500)
Sales proceeds from disposal of fixes assets		-	1,500
Investments purchased		(3,500)	-
Proceeds from long term investment - net		12,645,000	-
Long term deposits - net		1,100,000	(1,000,000)
Net Cash Flows From Investing Activities		12,243,770	(1,973,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		(71,947,596)	37,013,170
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		69,895,727	32,882,557
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>(2,051,869)</u>	<u>69,895,727</u>
A Cash and Cash Equivalents			
Short term running finance	19	(17,945,429)	(13,039,257)
Cash and bank balances	13	15,893,560	82,934,984
		<u>(2,051,869)</u>	<u>69,895,727</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, 2022

	Paid up capital	Accumulated loss	Fair value adjustment reserve	Total
	----- (R u p e e s) -----			
Balance as at June 30, 2020	45,001,000	(3,677,196)	888,713	42,212,517
Profit after taxation	-	15,235,554	-	15,235,554
Other comprehensive income	-	-	261,601	261,601
Total comprehensive loss for the year	-	15,235,554	261,601	15,497,155
Balance as at June 30, 2021	45,001,000	11,558,358	1,150,314	57,709,672
Loss after taxation	-	(19,507,262)	-	(19,507,262)
Other comprehensive loss	-	-	(1,148,968)	(1,148,968)
Total comprehensive loss for the year	-	(19,507,262)	(1,148,968)	(20,656,230)
Balance as at June 30, 2022	45,001,000	(7,948,904)	1,346	37,053,442

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, 2022

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, LSE Building, Lahore. The category of the Company has been changed from Trading & Self Clearing to Trading Only Securities Broker effective from June 24, 2022 by migrating its clients and related funds to EClear Services Limited.

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
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset

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

Gain or loss on disposal of property and equipment, if any is taken to 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 month 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 classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3.3.1 Held to Maturity

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

3.3.2 At fair value through profit or loss

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

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

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

3.3.3 Available-for-sale

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

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

3.3.4 Loans and Receivables

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

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 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			Rate %	Depreciation charge for the year	Adjustment	As at June 30, 2022	W.D.V. As at June 30, 2022
	As at June 30, 2021	Additions	Deletion					
OWNED								
Computers	1,710,310	116,230	-	33	115,140	-	1,826,540	237,697
Furniture and fixtures	224,964	31,500	-	10	7,723	-	256,464	80,005
Office equipments	548,322	-	-	10	15,093	-	548,322	135,837
Electric equipments	851,076	-	-	10	33,720	-	851,076	303,478
Vehicles	1,400,000	1,350,000	-	10	147,457	-	2,750,000	2,002,114
	<u>4,734,672</u>	<u>1,497,730</u>	<u>-</u>		<u>319,133</u>	<u>-</u>	<u>6,232,402</u>	<u>2,759,131</u>

4.1 Property and equipment

Particulars	Cost			Rate %	Depreciation charge for the year	Adjustment	As at June 30, 2021	W.D.V. As at June 30, 2021
	As at June 30, 2020	Additions	Deletion					
OWNED								
Computers	1,544,725	173,585	(8,000)	33	84,511	(6,743)	1,710,310	286,607
Furniture and fixtures	224,964	-	-	10	6,248	-	224,964	56,228
Office equipment	534,537	13,785	-	10	16,303	-	548,322	150,930
Electric equipment	851,076	-	-	10	37,467	-	851,076	337,198
Vehicle	1,400,000	-	-	10	88,841	-	1,400,000	799,571
	<u>4,555,302</u>	<u>187,370</u>	<u>(8,000)</u>		<u>233,370</u>	<u>(6,743)</u>	<u>4,734,672</u>	<u>1,580,534</u>

4.2 Depreciation has been allocated as under:

	2022	2021
Operating expenses	Rupees	Rupees
	319,133	233,370
	<u>319,133</u>	<u>233,370</u>

4.3 During the year, the company has purchased vehicle amounting Rs. 1,350,000 from Mr. Yasir Mahmood (director of the company).

5 INTANGIBLE ASSETS

	Note	2022 Rupees	2021 Rupees
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	624,583	798,750
		<u>8,524,583</u>	<u>8,698,750</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		Amortization		W.D.V. As at June 30, 2022
	As at June 30, 2021	As at June 30, 2022	Rate %	As at June 30, 2021 charge for the year	
Computer software	2,496,500	2,496,500	20%	174,167	1,871,917
					<u>624,583</u>

5.2.1 Computer software

Particulars	Cost		Amortization		W.D.V. As at June 30, 2021
	As at June 30, 2020	As at June 30, 2021	Rate %	As at June 30, 2020 charge for the year	
Computer software	1,709,000	2,496,500	20%	113,750	1,697,750
					<u>798,750</u>

5.2.2 This includes fully amortized software having cost and accumulated amortization of Rs. 1,659,000 (2021: Rs. 1,459,000).

5.2.3 Amortization has been allocated as under:

	Note	2022 Rupees	2021 Rupees
Operating expenses	5.2	174,167	113,750
		<u>174,167</u>	<u>113,750</u>

	Note	2022 Rupees	2021 Rupees
6 LONG TERM INVESTMENTS			
Unquoted shares of LSE Financial Services Ltd.	6.1	22,981	18,109,557
		<u>22,981</u>	<u>18,109,557</u>
6.1 Unquoted - shares of LSE Financial Services Limited			
<i>Available for sale</i>			
Cost			
Opening balance		16,959,243	16,959,243
Disposal during the year		(16,941,658)	-
Addition during the year		3,500	-
		21,085	16,959,243
Fair value reserve			
Opening balance		1,150,314	888,713
Realized during the year		(1,149,121)	-
Unrealized gain for the year		703	261,601
		1,896	1,150,314
	6.2	<u>22,981</u>	<u>18,109,557</u>

6.2 This represents the investment in 1,225 (2021: 843,875) unquoted ordinary shares of M/s. LSE Financial Services Limited.

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

	Note	2022 Rupees	2021 Rupees
7 LONG TERM DEPOSITS			
Deposit with:			
National Clearing Company of Pakistan Ltd.		400,000	1,400,000
LSE Financial Services Limited		-	100,000
Central Depository Company Limited		100,000	100,000
Others		127,500	127,500
		<u>627,500</u>	<u>1,727,500</u>

8 Trade debts	Note	2022 Rupees	2021 Rupees
Receivable from clients on account of:			
Purchase of shares on behalf of clients		236,844	829,527
Less: Balances written off		-	(41,713)
		236,844	787,814
Less: Provision for doubtful debts	8.1	(236,844)	(30)
		-	787,784
Commission receivable		261	3,643
	8.2	261	791,427
8.1 Provision for doubtful debts			
Opening balance		30	41,237
Reversal made during the year		-	506
Provision made during the year		236,814	-
Less: Balances written off		-	(41,713)
		236,844	30
8.2 Aging Analysis			
Upto five days		261	227,447
More than five days		-	563,980
		261	791,427
9 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS			
Investment in listed securities	9.1	21,337,978	32,773,742
Investment in mutual funds	9.2	8,642	9,868
		21,346,620	32,783,610
9.1 Investment in listed companies			
Carrying value		26,220,785	28,421,335
Loss/(gain) on remeasurement of fair value of investment as at June 30,		(4,882,807)	4,352,407
	9.3	21,337,978	32,773,742
9.2 Investment in mutual funds			
Carrying value		10,014	7,253
Loss on re-measurement of fair value of investment as at June 30,		(1,372)	2,615
		8,642	9,868
9.3 This includes shares having carrying value of Rs. 11,734,400 (2021: Rs. 9,492,600) pledged with National Clearing Company of Pakistan Limited.			

10 LOANS AND ADVANCES		2022	2021
Un-secured but considered good	Note	Rupees	Rupees
Advances to:			
Chief Executive	10.1	-	27,040
Employees	10.3	285,015	384,289
		<u>285,015</u>	<u>411,329</u>
10.1 Advances to Chief Executive - Mr. Yasir Mahmood			
Balance as at July 01,		27,040	16,112
Disbursed during the year		-	27,040
Repayments/adjustments made during the year		<u>(27,040)</u>	<u>(16,112)</u>
		<u>-</u>	<u>27,040</u>
10.2 This represented short term advance obtained by the chief executive of the company.			
10.3 Un-secured but considered doubtful			
	Note	2022	2021
		Rupees	Rupees
Advances to employees		404,403	515,677
Less: Provision for doubtful advances		<u>(119,388)</u>	<u>(131,388)</u>
		<u>285,015</u>	<u>384,289</u>
11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
E Clear Service Limited		4,796,783	-
Prepayments		64,683	124,984
Tax deducted at source		<u>2,184,727</u>	<u>1,871,881</u>
		<u>7,046,193</u>	<u>1,996,865</u>
12 OTHER RECIEVABLE			
Other receivable		2,194,430	1,983,000
Less: Provision against other receivables	12.1	<u>(1,983,000)</u>	<u>(1,983,000)</u>
		<u>211,430</u>	<u>-</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 matter with the police and in a court of law and is hopeful that it will be able to recover the amount. However, as a matter of prudence, the provision against balance amount receivable has been fully provided for in these financial statements.			

13 CASH AND BANK BALANCES	Note	2022 Rupees	2021 Rupees
These were held as under:			
In hand		2,408	2,392
Cash at bank:			
Current Accounts			
Pertaining to brokerage house		362,741	309,989
Pertaining to clients		11,000	937,501
		373,741	1,247,490
Deposit Accounts			
Pertaining to brokerage house	13.1	14,907,157	7,384,174
Pertaining to clients	13.1	610,254	74,300,928
		15,517,411	81,685,102
		15,891,152	82,932,592
		<u>15,893,560</u>	<u>82,934,984</u>

13.1 These carry markup ranging from @ 5% to 12.5% (2021: @ 5% to 6%) per annum.

14 SHARE CAPITAL	2022 Rupees	2021 Rupees
Authorized		
10,000,000 (2021: 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 (2021: 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	
	2022	2021	2022	2021
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

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

	Note	2022 Rupees	2021 Rupees
16 DEFERRED TAXATION			
Deferred tax liabilities/(assets) arising due to:			
Accelerated tax depreciation		130,421	115,132
Accelerated tax amortization		(702)	(1,452)
Provision against receivables		(68,685)	(29,899)
Provision against doubtful advances		(34,623)	-
Gain on long term investment		550	-
Minimum taxes paid		(193,785)	-
Taxable business and depreciation losses		(815,792)	-
Unrealized loss on short term investment		(732,627)	-
Capital losses (un-quoted)		(1,246,031)	-
Capital losses (quoted)		(1,445,495)	-
Deferred tax asset not recognised		4,537,740	-
		<u>130,971</u>	<u>83,781</u>
Balance as at July 01,		83,781	-
Less: Charge for the year in:			
Profit or loss		46,640	83,781
Other comprehensive income		550	-
		<u>47,190</u>	<u>83,781</u>
		<u>130,971</u>	<u>83,781</u>

16.1 At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 4.40 million. However, deferred tax asset was not recognized in the financial statements amounting Rs.4.54 million being prudent.

16.2 Minimum taxes would expire as follows:

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

16.3 Capital losses (quoted) would expire as follows:

Accounting year to which capital loss relates	Amount (Rupees)	Accounting year in which capital loss will expire
2020	2,474,135	2023
2022	7,162,495	2025

16.4 Capital losses (un-quoted) would expire as follows:

Accounting year to which capital loss relates	Amount (Rupees)	Accounting year in which capital loss will expire
2022	4,296,658	2028

16.5 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	2025

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

Accounting year to which depreciation loss relates	Amount (Rupees)	Accounting year in which depreciation loss will
2022	440,682	No expiry limit

	Note	2022	2021
		Rupees	Rupees
17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		<u>335,476</u>	<u>615,437</u>
18 TRADE AND OTHER PAYABLE			
Creditors for sale of shares on behalf of clients	18.1 & 18.2	413,672	61,657,638
Tax deducted at source payables		11,130	49,328
Punjab workers welfare fund payable		-	328,751
Payable to National Clearing Company of Pakistan Ltd.		-	14,040,940
Sales tax payable		<u>99,817</u>	<u>497,249</u>
		<u>524,619</u>	<u>76,573,906</u>

18.1 The total value of securities pertaining to clients are Rs. Nil (2021: Rs. 845,190,540) held in sub-accounts of the company. No security is pledged by client to the financial institutions except with NCCPL amounting Rs. Nil (2021: Rs. 23,022,450) for exposure.

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

Name of related party	Basis of relationship	2022 Rupees	2021 Rupees
Muhammad Yasir Mahmood	Chief Executive	-	26,104
Ms. Mahena Yasir	Director	-	521
		<u>-</u>	<u>26,625</u>

19 LOAN FROM BANKING COMPANY

From financial instruction - Running finance	19.1	<u>17,945,429</u>	<u>13,039,257</u>
--	------	-------------------	-------------------

19.1 The company has been sanctioned a credit limit of Rs. 20.00 million (2021 : Rs. 20 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 one month KIBOR plus 300 basis points.

[Signature]

20 CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies and commitments as at reporting date were Rs. nil (2021: Rs. nil).

Commitments

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

	Note	2022 Rupees	2021 Rupees
21 BROKERAGE AND COMMISSION			
Brokerage and commission - gross		15,752,821	26,639,093
Less: Sales Tax		<u>(2,173,803)</u>	<u>(3,674,358)</u>
	21.1	<u>13,579,018</u>	<u>22,964,735</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>20,355</u>	<u>120,144</u>
22 DIRECT COST			
Charges paid to:			
National Clearing Company trade fee		397,844	571,963
Central Depository Company charges		670,074	747,135
Pakistan Stock Exchange charges		718,363	829,645
LSE Financial Services Limited charges		52,542	50,676
E-Clear Service charges		4,848	-
Commission paid		<u>1,277,409</u>	<u>2,336,633</u>
		<u>3,121,080</u>	<u>4,536,052</u>
23 OPERATING EXPENSES			
Directors' remunerations		7,695,600	7,695,600
Salaries and other benefits		7,403,968	6,832,103
Rent, rates and taxes		38,193	6,824
Traveling and conveyance		67,380	48,350
Utilities		303,478	256,809
Communication charges		405,845	335,961
Printing and stationery		97,511	115,676
Repair and maintenance		308,619	265,783
Fee and subscription		312,009	271,434
Legal and professional charges	23.1	531,403	552,800
News papers and periodicals		7,410	10,404
Entertainment		492,242	252,072
Insurance		86,019	81,172
Postage and telegram		184,786	125,718
Donation		197,000	163,000
Depreciation	4	319,133	233,370
Amortization	5	174,167	113,750
Miscellaneous expenses		54,333	342,052
		<u>18,679,096</u>	<u>17,702,878</u>

23.1 Auditor's remuneration

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

	Note	2022 Rupees	2021 Rupees
Amin, Mudassar & Co.			
Chartered Accountants			
Audit Services			
Statutory audit		115,500	115,500
Non-Audit Services			
Certification fee for regulatory purposes		56,964	80,800
		<u>172,464</u>	<u>196,300</u>

24 OTHER OPERATING EXPENSES

Provision for doubtful debts		-	30
Balances written off		-	476
Un-realised loss on remeasurement of investment in listed securities at fair value through profit or loss		4,882,807	-
Un-realised loss on remeasurement of investment in mutual funds at fair value through profit or loss		1,372	-
Provision for doubtful advances		236,814	131,388
Punjab workers' welfare fund		-	328,751
		<u>5,120,993</u>	<u>460,645</u>

25 OTHER INCOME

Income from financial assets

	Note	2022 Rupees	2021 Rupees
Dividend income		1,563,363	908,922
Profit on saving accounts		3,737,770	3,115,547
Un-realised gain on remeasurement of investment at fair value through profit or loss		-	4,352,407
Un-realised gain on remeasurement of investment in mutual funds at fair value through profit or loss		-	2,615
Bonus received on investment in mutual funds		146	
Profit on NCCPL Deposit		13,659	2,448
Reversal of provision for loans and advances		12,000	-
		<u>5,326,938</u>	<u>8,381,939</u>

Income from assets other than financial assets

Account maintenance and custody fee		839,045	812,477
IPO Commission		16,615	24,920
Gain on disposal of asset		-	243
Other income		1,068,162	776,260
		<u>1,923,822</u>	<u>1,613,900</u>
		<u>7,250,760</u>	<u>9,995,839</u>

	Note	2022 Rupees	2021 Rupees
26 FINANCE COST			
Markup on borrowings		2,152,627	1,622,353
Bank charges		38,811	59,009
		<u>2,191,438</u>	<u>1,681,362</u>
27 TAXATION			
Income tax:			
-Current		392,909	1,203,832
-Prior year		(401,614)	(85,634)
-Deferred		46,640	83,781
		<u>37,935</u>	<u>1,201,979</u>
27.1 Reconciliation of tax expense and accounting profit:		2022 Rupees	2021 Rupees
Profit before taxation			<u>(19,469,327)</u>
Tax at the applicable rate of 29%			(5,646,104)
Tax effect of prior year charge			(401,614)
Tax effect on inadmissible expense			256,686
Tax effect on admissible expense			(131,278)
Deferred taxation			46,640
Income tax on dividend			199,124
Adjustment of tax credits			-
Tax effect of income under final taxation			<u>3,458,874</u>
			<u>(2,217,672)</u>

27.2 No reconciliation of tax expenses had been presented in the previous year as the company was either liable to pay tax under final tax regime or minimum tax regime of the Income Tax Ordinance, 2001.

27.3 The company has filed Income Tax Return for the Tax Year 2021 on January 04, 2022 which is deemed to be an Assessment Order u/s 120 of the Income Tax Ordinance, 2001 (the Ordinance).

27.4.1 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 through its Authorized Representative (AR) 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.

27.4.2 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 through its AR 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.

Later, the DCIR issued show cause notice u/s 122(1)/(5) for amendment of assessment dated February 21, 2018. The Company duly complied the said notice by submitting all requisite data/information through its AR's various letters, last reply in this regard was submitted on May 31, 2019. The DCIR finalized the proceedings by passing Order u/s 122(1) dated November 30, 2020, raising a demand of Rs, 11,136,163..

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

27.4.3 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 authorized representative of the Company complied the said notice and provided the partial 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 through its authorized representative 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. Subsequent to the year end, the DCIR finalized the above proceedings by passing an order by raising a tax demand of Rs. 10,023 which have been paid by the company subsequent to the year end.

27.4.4 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.

27.4.5 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.

28 EARNINGS PER SHARE-BASIC AND DILUTED	2022	2021
(Loss)/profit for the year - Rupees	<u>(19,507,262)</u>	<u>15,235,554</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>(4.33)</u>	<u>3.39</u>
	2022	2021
	(-----N u m b e r-----)	
29 NUMBER OF EMPLOYEES		
Number of employees at the end of year	<u>14</u>	<u>14</u>
Average number of employees during the year	<u>14</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:

	2022			
	-----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>
	2021			
	-----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	2022 Rupees	2021 Rupees
Financial assets and financial liabilities:			
Financial assets			
Available for sale			
Long term investment		22,981	18,109,557
At fair value through profit or loss:			
Investment at fair value through profit or loss		21,346,620	32,783,610
Loans and receivables			
Long term deposits		627,500	1,727,500
Trade debts		261	791,427
Trade deposits		4,861,466	124,984
Cash and bank balances		<u>15,893,560</u>	<u>82,934,984</u>
		<u>42,752,388</u>	<u>136,472,062</u>
		2022 Rupees	2021 Rupees
Financial liabilities			
Financial liabilities at amortized cost			
Deposits, accrued liabilities and advances		335,476	615,437
Trade and other payables		524,619	76,573,906
Accrued markup		727,338	426,534
Loan from banking company		<u>17,945,429</u>	<u>13,039,257</u>
		<u>19,532,862</u>	<u>90,655,134</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.

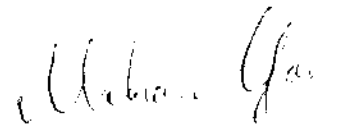
35 GENERAL

Figures have been rounded off to the nearest of rupee.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 24 SEP 2022 by the Board of Directors of the company.


CHIEF EXECUTIVE


DIRECTOR