

AL-HAQ SECURITIES (PRIVATE) LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Independent Auditor's Report To The Members Of
Al-Haq Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Al-Haq Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, the statement of profit or loss and other 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 material accounting policy information 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 and other comprehensive income, the statement of changes in equity and 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, 2024 and of the profit, other comprehensive income, 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 Auditors' Report thereon

Management is responsible for the other information presented along with the financial statements and the auditors' report thereon. With respect to the Company the other information comprises only the Director's Report on the operations of the Company.

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 is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);
- e) the Company was in compliance with requirement of section 78 of the Securities Act, 2015 and or section 62 of the Future Market Act, 2016 and the relevant requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared; and
- f) the Company was in compliance with the relevant requirements of Futures Brokers (Licensing and Operations Regulations), 2018 as at the date on which the statement of financial position was prepared.

The Engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

LAHORE; October 07, 2024
UDIN: AR2024101043tvhArmif

 **SHINEWING HAMEED CHAUDHRI & CO.,**
CHARTERED ACCOUNTANTS

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

| | | 2024 | 2023 |
|---|-------------|---------------------------|---------------------------|
| | | ----- Rupees ----- | |
| Assets | Note | | |
| Non current assets | | | |
| Operating fixed assets | 4 | 2,915,402 | 2,826,650 |
| Intangible assets | 5 | 9,600,000 | 9,600,000 |
| Long term investment | 6 | 6,044 | 10,406 |
| Security deposits | 7 | 2,350,000 | 3,600,000 |
| | | <u>14,871,446</u> | <u>16,037,056</u> |
| Current assets | | | |
| Short term investments | 8 | 3,476,440 | 2,010,417 |
| Due from clients | 9 | 23,151,634 | 8,611,420 |
| Advances and other receivables | 10 | 1,893,450 | 1,434,950 |
| Tax deducted at source | | 11,247,046 | 8,925,645 |
| Exposure deposit | | 31,900,000 | 22,100,000 |
| Cash and bank balances | 11 | 76,508,600 | 58,964,574 |
| | | <u>148,177,170</u> | <u>102,047,006</u> |
| Total Assets | | <u><u>163,048,616</u></u> | <u><u>118,084,062</u></u> |
| Equity and Liabilities | | | |
| Share Capital and Reserves | | | |
| Authorised capital | | | |
| 1,000,000 (2023: 1,000,000) ordinary shares of Rs.100 each | | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued, subscribed and paid-up capital | | | |
| 708,410 (2023: 708,410) ordinary shares of Rs.100 each | | 70,841,000 | 70,841,000 |
| Unrealised gain on remeasurement of investment at fair value through other comprehensive income | | (11,158) | (6,793) |
| Revenue reserves - unappropriated profit | | 15,829,688 | 8,274,342 |
| | | <u>86,659,530</u> | <u>79,108,549</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 73,281,437 | 38,289,007 |
| Short term finance | 13 | - | - |
| Accrued mark-up | | 465,724 | 14,203 |
| Provision for taxation and levies | 14 | 2,641,925 | 672,303 |
| | | <u>76,389,086</u> | <u>38,975,513</u> |
| Contingencies and commitments | 15 | | |
| Total Equity and Liabilities | | <u><u>163,048,616</u></u> | <u><u>118,084,062</u></u> |

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


Chief Executive Officer




Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS &
OTHER COMPREHENSIVE INCOME
AS AT JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|--------------------|
| Operating revenue | 16 | 15,314,113 | 12,785,159 |
| Loss on sale of short term investments - net | | - | (1,277) |
| Fair value gain / (loss) on remeasurement of investments through profit or loss | | 1,382,323 | (390,239) |
| Other income | 17 | 19,413,269 | 10,307,553 |
| | | 36,109,705 | 22,701,196 |
| Administrative and operating expenses | 18 | (23,450,761) | (18,378,620) |
| Financial charges | 19 | (2,118,910) | (796,402) |
| Profit before income tax and final tax levy | | 10,540,034 | 3,526,174 |
| Final tax - levy | | (19,698) | (8,062) |
| Profit before income tax | | 10,520,336 | 3,518,112 |
| Income tax | | | |
| - current | | (2,622,227) | (664,241) |
| - prior year | | (342,763) | 113,147 |
| | 14 | (2,964,990) | (551,094) |
| Profit after taxation | | 7,555,346 | 2,967,018 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to statement of profit or loss | | | |
| Unrealised loss on remeasurement of investment at fair value through other comprehensive income | | (4,365) | (12,322) |
| Loss on sale of assets held for sale | | - | (4,054,830) |
| | | (4,365) | (4,067,152) |
| Total Comprehensive income | | 7,550,981 | 2,954,696 |

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


Chief Executive Officer




Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2024

| | 2024 | 2023 |
|---|--------------------|--------------------|
| | ----- Rupees ----- | |
| Cash flow from operating activities | | |
| Profit before taxation | 10,540,034 | 3,526,174 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 67,248 | 57,644 |
| Provision for doubtful debts | 1,359,719 | 823,985 |
| Dividend income | (131,316) | (53,745) |
| Finance cost | 1,992,010 | 738,091 |
| Fair value (gain) / loss on remeasurement of investments through profit or loss | (1,382,323) | 390,239 |
| Profit before working capital changes | 12,445,372 | 5,482,388 |
| Effect on cash flow due to working capital changes | | |
| Decrease / (increase) in current assets: | | |
| Short term investments | (83,700) | 34,908 |
| Due from clients | (15,899,934) | 263,398 |
| Security deposits | 1,250,000 | (1,450,000) |
| Advances, prepayments and other receivables | (458,500) | (838,100) |
| Exposure deposit | (9,800,000) | 2,300,000 |
| Increase / (decrease) in current liabilities: | | |
| Trade creditors | 34,497,697 | 1,476,086 |
| Accrued and other liabilities | 494,733 | 133,880 |
| | 10,000,296 | 1,920,172 |
| Cash generated from operations | 22,445,668 | 7,402,560 |
| Income tax paid | (3,316,769) | (1,554,259) |
| Net cash generated from operations | 19,128,899 | 5,848,301 |
| Cash flow from investing activities | | |
| Fixed capital expenditure | (156,000) | - |
| Proceeds from issuance of shares | - | 10,000,000 |
| Sales proceeds from sale of investment | - | 15,595,500 |
| Dividend received | 131,316 | 53,745 |
| Advanced received against shares from LSE | - | (1,222,350) |
| Net cash (used in) / generated from investing activities | (24,684) | 24,426,895 |
| Cash flow from financing activities | | |
| Short term finance - net | - | (6,604,891) |
| Finance cost paid | (1,540,491) | (1,071,710) |
| Net cash used in from financing activities | (1,540,491) | (7,676,601) |
| Net increase in cash and cash equivalents | 17,563,724 | 22,598,595 |
| Cash and cash equivalents - at beginning of the year | 58,964,574 | 36,365,979 |
| Cash and cash equivalents - at end of the year | 76,528,298 | 58,964,574 |

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


Chief Executive Officer




Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2024

| | Reserves | | | Total |
|---|-------------------|-----------------------|---|-------------------|
| | Revenue | Capital | | |
| | Share capital | Unappropriated profit | Remeasurement gain on investments at FVTOCI | |
| ----- Rupees ----- | | | | |
| Balance as at July 01, 2022 | 60,841,000 | 4,582,345 | 4,785,338 | 70,208,683 |
| Share capital issued during the year | 10,000,000 | - | - | 10,000,000 |
| Total comprehensive income for the year ended June 30, 2023 | | | | |
| Profit for the year | - | 2,967,018 | - | 2,967,018 |
| Other comprehensive loss | - | - | (4,067,152) | (4,067,152) |
| | - | 2,967,018 | (4,067,152) | (1,100,134) |
| Reclassification of gain on sale of investment at fair value through other comprehensive income | - | 724,979 | (724,979) | - |
| Balance as at June 30, 2023 | 70,841,000 | 8,274,342 | (6,793) | 79,108,549 |
| Total comprehensive income for the year ended June 30, 2024 | | | | |
| Profit for the year | - | 7,555,346 | - | 7,555,346 |
| Other comprehensive loss | - | - | (4,365) | (4,365) |
| | - | 7,555,346 | (4,365) | 7,550,981 |
| Balance as at June 30, 2024 | 70,841,000 | 15,829,688 | (11,158) | 86,659,530 |

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


Chief Executive Officer




Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

1. LEGAL STATUS AND OPERATIONS

Al-Haq Securities (Private) Limited (the Company) was incorporated in Pakistan as a Private Company Limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on May 25, 2006. The Company is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited. The Company is principally engaged in shares brokerage & trading business and has obtained license from the Securities and Exchange Commission of Pakistan under the category of "Trading & Self Clearing". The registered office of the Company is situated at Room No.405/407, LSE Building, Lahore.

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 Standards (IFRS Standards) 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 Standards, 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 for investments, which are carried at fair value. The Company follows settlement date basis of accounting in preparation of these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest rupees unless otherwise stated.

2.4 CHANGE IN ACCOUNTING STANDARDS AND INTERPRETATIONS

2.4.1 Standards, amendments to approved accounting standards effective in current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

**(a) IAS 1 Presentation of Financial Statements
and IFRS Practice Statement 2**

**Effective date:
January 01, 2023**

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements

(a) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

**Effective date:
January 01, 2023**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The amendments have no impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are effective but are not relevant to the Company and therefore, have not been presented here.

2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are many new standards and amendments to approved accounting standards that are not effective for the financial year beginning on July 01, 2023 and have not been early adopted by the Company; hence not disclosed in the financial statements.

2.5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against [note 3.1];
- (ii) Classification and valuation of investments [note 3.3];
- (iii) Provision for taxation [note 3.9] and
- (iv) Provisions [note 3.10].

3. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying reducing balance method at the rates specified in note 4.1. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of fixed assets, if any, is taken to statement of profit or loss.

3.2 Intangible assets

Trading Right Entitlement Certificate

In the absence of active market price, Trading Right Entitlement Certificate has been carried at the same value that was determined when the membership card of Lahore Stock Exchange Limited was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate after changing of impairment, if required (note 5.1).

3.3 Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement of financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

- **Fair value through other comprehensive income (FVTOCI)**

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value. Reclassification of fair value gains and losses to unappropriated profits shall be made with in statement of changes in equity.

- **Fair value through profit or loss (FVTPL)**

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.4 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

3.5 Impairment of financial assets

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, applying the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL.

3.6 Due from clients and other receivables

These are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the reporting date. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

3.8 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.9 Taxation**(a) Current and prior year**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by reporting date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.11 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

3.12 Revenue recognition

Revenue is recognised 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 consideration received or receivable on the following basis:

- brokerage income is accounted for on 'accrual basis'.
- capital gains and losses on sale of investments are recorded on the date of sale.
- dividend income is accounted for when the right of receipt is established.

3.13 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of profit or loss for the year.

Financial instruments carried on the statement of financial position include deposits, due from clients, advances, investments, bank balances, trade and other payable and accrued mark-up. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.14 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4. OPERATING FIXED ASSETS

| | 2024 | 2023 |
|--|------------------|------------------|
| Note | ---- Rupees ---- | |
| Operating fixed assets | 4.1 415,402 | 326,650 |
| Advance for acquiring office space at NCEL Building Project | 2,500,000 | 2,500,000 |
| | <u>2,915,402</u> | <u>2,826,650</u> |

4.1 OPERATING FIXED ASSETS - tangible

| | Furniture and fixtures | Office equipment | Vehicles | Total |
|---------------------------------|---------------------------|---------------------|----------------|----------------|
| | ----- Rupees ----- | | | |
| At July 1, 2022 | | | | |
| Cost | 97,848 | 1,848,338 | - | 1,946,186 |
| Accumulated depreciation | 61,766 | 1,500,126 | - | 1,561,892 |
| Net book value | <u>36,082</u> | <u>348,212</u> | <u>-</u> | <u>384,294</u> |
| Year ended June 30, 2023 | | | | |
| Opening net book value | 36,082 | 348,212 | - | 384,294 |
| Depreciation charge | 5,412 | 52,232 | - | 57,644 |
| Closing net book value | <u>30,670</u> | <u>295,980</u> | <u>-</u> | <u>326,650</u> |
| At June 30, 2023 | | | | |
| Cost | 97,848 | 1,848,338 | - | 1,946,186 |
| Accumulated depreciation | 67,178 | 1,552,358 | - | 1,619,536 |
| Net book value | <u>30,670</u> | <u>295,980</u> | <u>-</u> | <u>326,650</u> |
| Year ended June 30, 2024 | | | | |
| Opening net book value | 30,670 | 295,980 | - | 326,650 |
| Additions | - | 36,000 | 120,000 | 156,000 |
| Depreciation charge | 4,601 | 46,647 | 16,000 | 67,248 |
| Closing net book value | <u>26,069</u> | <u>285,333</u> | <u>104,000</u> | <u>415,402</u> |
| At June 30, 2024 | | | | |
| Cost | 97,848 | 1,884,338 | 120,000 | 2,102,186 |
| Accumulated depreciation | 71,779 | 1,599,005 | 16,000 | 1,686,784 |
| Net book value | <u>26,069</u> | <u>285,333</u> | <u>104,000</u> | <u>415,402</u> |

5. INTANGIBLE ASSETS

| | Note | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|---|------|----------------------------|----------------------------|
| Trading Right Entitlement Certificate - PSX | 5.1 | 5,000,000 | 5,000,000 |
| Room at LSE building | | 4,600,000 | 4,600,000 |
| | | <u>9,600,000</u> | <u>9,600,000</u> |

5.1 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received Trading Right Entitlement Certificate (TREC) and equity shares of LSE Financial Services Ltd. (formerly Lahore Stock Exchange Ltd.) in lieu of its membership card of Lahore Stock Exchange Ltd. The Company's entitlement in respect of shares of LSE Financial Services Ltd. was determined on the basis of the valuation of assets and liabilities of Lahore Stock Exchange Ltd. as approved by the SECP. The Company has been allotted with 843,975 shares of LSE Financial Services Ltd., having face value of Rs.10 each.

5.2 As at June 30, 2013 the active market value of TREC and equity shares of LSE Financial Services Ltd. was not available. The allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares was made on proportionate basis at ratio of 32:68 which was determined on the basis of fair value estimate of LSE Financial Services Ltd.

6. LONG TERM INVESTMENT

- at fair value through other comprehensive income

| | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|---|----------------------------|----------------------------|
| LSE Proptech Ltd. | | |
| Nil (2023: 341) ordinary shares of Rs.10 each | - | 4,465 |
| LSE Ventures Ltd. | | |
| 974 (2023: 974) ordinary shares of Rs.10 each | 12,734 | 12,734 |
| LSE Capital Ltd. | | |
| 142 (2023: Nil) ordinary shares of Rs.10 each | 4,468 | 12,734 |
| Adjustment on remeasurement to fair value | (11,158) | (6,793) |
| | <u>6,044</u> | <u>10,406</u> |

6.1 During the preceding years, shares of LSE Financial Services Limited were converted into the shares of LSE Proptech Limited and LSE Ventures Limited. In the preceding years, shares of LSE Financial Services Limited were valued on the basis of latest available net asset value per share of based on its financial statements. As at June 30, 2023, for determining fair value of investment market value of shares of LSE Proptech Limited and LSE Ventures Limited has been used.

6.2 During the year, shares of LSE Proptech Limited were converted into the shares of LSE Capital Limited. As at June 30, 2024, for determining fair value of investment, market value of shares of LSE Capital Limited has been used.

6.3 As at June 30, 2024, shares of LSE Ventures Limited are pledged with PSX.

7. SECURITY DEPOSITS

| | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|---------------------------------------|----------------------------|----------------------------|
| Deposits with: | | |
| National Clearing Company of Pakistan | 1,400,000 | 1,400,000 |
| Pakistan Mercantile Exchange Ltd. | 750,000 | 750,000 |
| Pakistan stock exchange | 200,000 | 1,450,000 |
| | <u>2,350,000</u> | <u>3,600,000</u> |

8. SHORT TERM INVESTMENTS - at FVTOCI

| No. of shares | | Name of the Company | Market value | |
|--------------------|------------------|---|------------------|------------------|
| June 30, 2024 | June 30, 2023 | | June 30, 2024 | June 30, 2023 |
| ----- Rupees ----- | | | | |
| 9,390 | 9,390 | Askari Bank Ltd. | 211,557 | 121,694 |
| 3,526 | 3,526 | Aisha Steel Mills Ltd. | 25,951 | 19,040 |
| 2,202 | 2,202 | Aisha Steel Mills Ltd. Preference | 19,818 | 36,157 |
| 318 | 318 | Attock Refinery Ltd. | 111,806 | 54,578 |
| 500 | 500 | Al-Azhar Textile Mills Ltd.- Freeze | - | - |
| 2,350 | 2,350 | Calcorp Limited | 40,726 | 43,428 |
| 5,100 | 5,100 | Cnergyico Pk Limited | 19,635 | 14,484 |
| 234 | 234 | First Capital Mutual Fund | 2,340 | 2,340 |
| 5,000 | 5,000 | Dewan Cement Ltd. | 42,700 | 20,750 |
| 4,013 | 4,013 | Dewan Salman Fibre Ltd.-Freeze | - | - |
| 1,100 | 1,100 | First Tri-Star Modaraba | 18,953 | 8,635 |
| 4,916 | - | Mughal Energy Limited | 108,594 | - |
| 5,000 | 5,000 | Flying Cement Company Ltd. | 41,600 | 27,700 |
| 1,330 | 1,330 | Genertech Pakistan Ltd. - Freeze | - | - |
| 1,761 | 1,761 | Highnoon Laboratories Pakistan Ltd. | 1,256,614 | 591,995 |
| 2,360 | 2,360 | HBL Investment Fund Class A | 6,561 | 3,658 |
| 2,360 | 2,360 | HBL Investment Fund Class B | - | - |
| 342 | 342 | IGI Holding Ltd.(prev IGI Insurance Ltd.) | 43,092 | 28,735 |
| 3,485 | 3,485 | Image Pakistan Ltd. | 46,072 | 33,665 |
| 13 | 13 | Innovative Investment Bank Ltd. - Freeze | - | - |
| 1,500 | 1,500 | Jahangir Siddiqui & Company Ltd. | 28,320 | 14,250 |
| 211 | 211 | JS Large Cap. Fund | 22,256 | 22,256 |
| 110 | 110 | MCB Pakistan Stock Market Fund | 1,100 | 1,100 |
| 2,936 | 2,936 | Maple Leaf Cement Factory Ltd. | 111,568 | 83,177 |
| 385 | 385 | National Foods Ltd. | 67,263 | 37,884 |
| 20,000 | 20,000 | Noorie Textile Mill Ltd. - revoked | - | - |
| 2,511 | 2,511 | Pak Elektron Ltd. | 62,047 | 22,725 |
| 665 | 665 | Pak Datacom Ltd. | 49,323 | 44,123 |
| 243 | 243 | Pakistan Engineering Company Ltd. | 165,240 | 78,866 |
| 2,000 | 2,000 | Pakistan Telecommunication Company Ltd. | 24,020 | 169,791 |
| 2,871 | 2,871 | Pakistan Petroleum Ltd. | 336,223 | 12,020 |
| 753 | 753 | The Searle Company Ltd. | 43,011 | 28,855 |
| 5,500 | 5,500 | Southern Electric Power Company Ltd. - Freeze | - | - |
| 2,040 | 2,040 | Shifa International Hospital Ltd. | 299,084 | 249,880 |
| 1,000 | 1,000 | Shahpur Textile Mills Ltd. - Freeze | - | - |
| 10,198 | 10,198 | Silk Bank Ltd. | 9,280 | 10,197 |
| 2,246 | 2,246 | Soneri Bank Ltd. | 26,750 | 20,439 |
| 643 | 643 | Sui Northern Gas Pipelines Ltd. | 40,811 | 25,315 |
| 500 | 500 | Sargodha Spinning Mills Ltd. | 20,165 | 20,165 |
| 5,500 | 5,500 | Tri-Star Power Ltd. | 47,960 | 53,515 |
| 100,000 | 100,000 | World Call Telecom Ltd. | 126,000 | 109,000 |
| 1,900 | 1,900 | Zeal Pak Cement Factory Ltd. - Freeze | - | - |
| 219,012 | 214,096 | | 3,476,440 | 2,010,417 |

8.1 As at June 30, 2024, shares having value of Rs.2.344 million (2023: Rs.1.076 million) are pledged with National Clearing Company of Pakistan as margin against trading.

8.2 Shares belonging to customer having value of Rs.36.854 million (2023: Rs.16.819 million) are pledged with National Clearing Company of Pakistan as margin against trading.

9. DUE FROM CLIENTS - Unsecured

| | Note | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|--------------------------------|-----------|----------------------------|----------------------------|
| Considered good | 9.1 & 9.2 | 27,834,302 | 11,934,369 |
| Less: provision for impairment | | (4,682,668) | (3,322,949) |
| | | <u>23,151,634</u> | <u>8,611,420</u> |

9.1 These mainly include Rs.8.038 million (2023: Rs.Nil) receivable from NCCPL.

9.2 The aging of due from clients as at reporting date is as follows:

| | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|------------------|----------------------------|----------------------------|
| Not due | 10,004,334 | 3,907,829 |
| 6 - 30 days | 6,878,741 | 817,706 |
| 31 - 60 days | 1,783,910 | 336,810 |
| 61 - 90 days | 1,493,369 | 320,903 |
| 91 - 180 days | 530,861 | 250,273 |
| 181 days or more | 7,143,087 | 6,300,848 |
| | <u>27,834,302</u> | <u>11,934,369</u> |

9.3 Further, these include an amount of Rs.0.469 million (2023: Rs.1.417 million) receivable from Mr. Ammar UI Haq (Director) and Rs.0.385 million (2023: Rs.Nil) from Mr. Asnan UI Haq (Director), against their normal trading activity.

9.4 Customers assets held in central depository system consisted of 58.766 million (2023: Rs.46.696 million) shares having value of Rs.788.426 million (2023: Rs.717.733 million).

10. ADVANCES AND OTHER RECEIVABLES

10.1. This represent advances to office staff of the Company.

11. CASH AND BANK BALANCES

| | Note | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|-----------------------|------|----------------------------|----------------------------|
| Cash in hand | | 101,691 | 55,528 |
| Cash at banks: | | | |
| - client accounts | | 73,917,152 | 36,828,516 |
| - house accounts | | 2,489,757 | 10,580,530 |
| Term deposit receipts | 11.1 | - | 11,500,000 |
| | | <u>76,508,600</u> | <u>58,964,574</u> |

11.1 This represent investment in Term Deposit Receipt issued by Bank Al-Habib Limited. These carried profit at the rate of 20% (2023: 20%) and had a maturity period of one year.

12. TRADE AND OTHER PAYABLES

| | Note | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|-----------------------|------|----------------------------|----------------------------|
| Trade creditors | | 69,798,879 | 35,301,182 |
| Accrued expenses | | 982,558 | 487,825 |
| Payable to a director | 12.1 | 2,500,000 | 2,500,000 |
| | | <u>73,281,437</u> | <u>38,289,007</u> |

12.1 The amount represents payable of Rs.2.500 million to Mr.Ammar UI Haq (Director), against the advance payment made on the Company's behalf for acquiring office space at NECI

13. SHORT TERM FINANCE

2024 **2023**
----- Rupees -----

Running finance - secured

 - -

- 13.1** The Company during the year, availed short term running finance facility available from various commercial banks under mark-up arrangements aggregate Rs.70 million (2023: Rs 70 million). This finance facility, during the current financial year, carried mark-up at the rates ranging from 21.65% to 26.66% (2023: 14% to 25.73%) per annum. This facility is secured against personal guarantee of all Directors, hypothecation charge over current assets of the Company, mortgage of property owned by Ammar ul Haq and Asnan ul Haq (Directors) and lien over personal bank account of Ammar ul Haq (Director) amounting to Rs.34 million and 100% cash margin in shape of lien over deposit.

14. TAXATION AND LEVIES - net

2024 **2023**
----- Rupees -----

Opening balance

672,303 541,328

Add: provision made during the year for:

- current

2,641,925 672,303

- prior year

342,763 (113,147)

2,984,688 559,156

Less: adjusted against completed assessment

(1,015,066) (428,181)

Closing balance

2,641,925 672,303

- 14.1** Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2023.

15. CONTINGENCIES AND COMMITMENTS

- 15.1** Guarantee amounting Rs.7.500 million (2023: Rs.5.000 million) have been issued by bank of the Company to National Clearing Company of Pakistan Limited.
- 15.2** Guarantee amounting Rs.9.000 (2023: Rs.6.500 million) million have been issued by bank of the Company to Pakistan Stock Exchange Limited.

16. OPERATING REVENUE

2024 **2023**
----- Rupees -----

Brokerage income:

- retail customers

15,182,797 12,728,229

- proprietary trade

- 3,185

15,182,797 12,731,414

Dividend income

131,316 53,745

15,314,113 12,785,159

17. OTHER INCOME

Profit on deposit account

14,556,664 7,624,424

NCCPL RMS interest

4,568,139 2,683,129

PSX BMC interest

288,466 -

19,413,269 10,307,553

18. ADMINISTRATIVE AND OPERATING EXPENSES

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|-------------------|
| Salaries and benefits | | 6,248,192 | 5,195,120 |
| Director's remuneration | | 3,840,000 | 3,840,000 |
| Fees and subscription | | 83,335 | 199,130 |
| Travelling and conveyance | | 2,091,598 | 2,100,936 |
| Auditors' remuneration | | | |
| - statutory audit fee | | 107,040 | 92,302 |
| - other certification charges | | 71,250 | 70,000 |
| | | 178,290 | 162,302 |
| Printing and stationery | | 171,560 | 132,704 |
| Repair and maintenance | | 884,598 | 581,556 |
| Entertainment | | 2,279,024 | 1,658,040 |
| Postage and communication | | 724,704 | 554,688 |
| Electricity | | 1,054,464 | 759,731 |
| News paper & periodicals | | - | 5,225 |
| LSE charges | | 2,831,138 | 1,432,751 |
| CDC & clearing house charges | | 438,225 | 167,274 |
| Depreciation | 4 | 67,248 | 57,644 |
| Legal & professional charges | | 173,665 | 165,060 |
| Donations - without director's interest | | 1,900 | 21,490 |
| Provision for impairment in trade debts | | 1,359,719 | 823,985 |
| Others | | 1,023,101 | 520,984 |
| | | <u>23,450,761</u> | <u>18,378,620</u> |

19. FINANCIAL CHARGES

| | | |
|-------------------------------|------------------|----------------|
| Mark-up on short term finance | 1,992,010 | 738,091 |
| Bank charges | 126,900 | 58,311 |
| | <u>2,118,910</u> | <u>796,402</u> |

20. TRANSACTIONS WITH RELATED PARTIES

The only transactions executed with the related parties are normal trading activity carried out by directors of the Company. Payable and receivable balances from directors of the Company's against their trading activity and other have been disclosed in notes 9 & 13 to these financial statements.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**21.1 Financial Risk Factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(b) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company activities at present does not expose to any currency risk.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company activities at present only expose it to interest rate risk against short term borrowing.

(d) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company's investment in shares of a quoted Company expose it to price risk due to change in the prices of shares of quoted company.

A change of 10% in the price of shares of quoted Companies at reporting date would have increase profit before tax for the year by Rs.0.347 million (2023: 0.210 million).

21.2 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from due from clients, advances, investments and balances with banks. To manage exposure to credit risk in respect of due to clients, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2024 along with comparative is tabulated below:

| | 2024 | 2023 |
|--------------------------------|--------------------|------------|
| | ----- Rupees ----- | |
| Long term investment | 6,044 | 10,406 |
| Security deposits | 2,350,000 | 3,600,000 |
| Due from clients | 23,151,634 | 8,611,420 |
| Short term investments | 3,476,440 | 2,010,417 |
| Advances and other receivables | 1,893,450 | 1,434,950 |
| Exposure deposits | 31,900,000 | 22,100,000 |
| Cash and bank balances | 76,508,600 | 58,964,574 |

21.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

| Particulars | Carrying amount | Contractual cash flows | Less than 1 year |
|--------------------------------|--------------------|------------------------|-------------------|
| | ----- Rupees ----- | | |
| June 30, 2024 | | | |
| Trade and other payables | 69,798,879 | 69,798,879 | 69,798,879 |
| Accrued and other liabilities | 982,558 | 982,558 | 982,558 |
| Short term finance and mark-up | 465,724 | 465,724 | 465,724 |
| | <u>71,247,161</u> | <u>71,247,161</u> | <u>71,247,161</u> |
| June 30, 2023 | | | |
| Trade and other payables | 35,301,182 | 35,301,182 | 35,301,182 |
| Accrued and other liabilities | 487,825 | 487,825 | 487,825 |
| Short term finance and mark-up | 14,203 | 14,203 | 14,203 |
| | <u>35,803,210</u> | <u>35,803,210</u> | <u>35,803,210</u> |

21.4 Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The following table presents the Company's assets that are measured at fair value as at the year end:

| | |
|------------------------|------------------|
| | Level 1 |
| | Rupees |
| June 30, 2024 | |
| Long term investment | 6,044 |
| Short term investments | <u>3,476,440</u> |
| June 30, 2023 | |
| Long term investment | 10,406 |
| Short term investments | <u>2,010,417</u> |

21.5 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

At June 30, 2024, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

22. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to any major externally imposed capital requirements.

23. FINANCIAL INSTRUMENT BY CATEGORY

| | 2024 | | | | 2023 | | | |
|--|--------------------|---------------------------|--------------------------|--------------------|--------------------|---------------------------|--------------------------|--------------------|
| | Amortised cost | At fair value through OCI | At fair value through PL | Total | Amortised cost | At fair value through OCI | At fair value through PL | Total |
| | ----- Rupees ----- | | | | ----- Rupees ----- | | | |
| Financial assets as per statement of financial position | | | | | | | | |
| Long term investment | - | 6,044 | - | 6,044 | - | 10,406 | - | 10,406 |
| Security deposits | 2,350,000 | - | - | 2,350,000 | 3,600,000 | - | - | 3,600,000 |
| Short term investments | - | - | 3,476,440 | 3,476,440 | - | - | 2,010,417 | 2,010,417 |
| Due from clients | 27,834,302 | - | - | 27,834,302 | 11,934,369 | - | - | 11,934,369 |
| Advances and other receivables | 1,893,450 | - | - | 1,893,450 | 1,434,950 | - | - | 1,434,950 |
| Exposure deposit | 31,900,000 | - | - | 31,900,000 | 22,100,000 | - | - | 22,100,000 |
| Cash and bank balances | 76,508,600 | - | - | 76,508,600 | 58,964,574 | - | - | 58,964,574 |
| | 140,486,352 | 6,044 | 3,476,440 | 143,968,836 | 98,033,893 | 10,406 | 2,010,417 | 100,054,716 |

**Financial liabilities
as per statement of
financial position**

**Financial liabilities measured at
amortised cost**

| | 2024 | 2023 |
|--|--------------------|-------------------|
| | - - - Rupees - - - | |
| Trade and other payables | 73,281,437 | 38,289,007 |
| Short term finance and Accrued mark-up | 465,724 | 14,203 |
| | 73,747,161 | 38,303,210 |

24. REMUNERATION OF CHIEF EXECUTIVE AND A DIRECTOR

| Particulars | Chief Executive | | Directors | |
|-------------------------|--------------------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| | ----- Rupees ----- | | | |
| Managerial remuneration | 1,920,000 | 1,920,000 | 1,920,000 | 1,920,000 |
| No. of persons | 1 | 1 | 1 | 1 |

25. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2023 were 18 (2023: 15) and their average numbers during the year were 17 (2023: 15).

26. LIQUID CAPITAL STATEMENT

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|------------------|---|---------------------|------------------------|--------------------|
| 1. Assets | | | | |
| 1.1 | Property & Equipment | 2,915,402 | 100.00% | - |
| 1.2 | Intangible Assets | 9,600,000 | 100.00% | - |
| 1.3 | Investment in Govt. Securities | | | |
| | Investment in Debt. Securities | | | |
| | If listed than: | | | |
| | i. 5% of the balance sheet value in the case of tenure upto 1 year. | | 5.00% | |
| | ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years. | | 7.50% | |
| | iii. 10% of the balance sheet value, in the case of tenure of more than 3 years. | | 10.00% | |
| | If unlisted than: | | | |
| | i. 10% of the balance sheet value in the case of tenure upto 1 year. | | 10.00% | |
| | ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years. | | 12.50% | |
| | iii. 15% of the balance sheet value, in the case of tenure of more than 3 years. | | 15.00% | |
| | Investment in Equity Securities | | | |
| 1.5 | i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital | 3,476,440 | 2,528,417 | 948,023 |
| | ii. If unlisted, 100% of carrying value. | 6,044 | 100.00% | - |
| 1.6 | Investment in subsidiaries | | | |
| | Investment in associated companies/undertaking | | | |
| 1.7 | i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher. | | | |
| | ii. If unlisted, 100% of net value. | | | |

| | | | | |
|------|---|------------|-----------|------------|
| | Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity. | | | |
| 1.8 | (i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC. | 2,350,000 | 100.00% | - |
| 1.9 | Margin deposits with exchange and clearing house. | 31,900,000 | 0.00% | 31,900,000 |
| 1.10 | Deposit with authorized intermediary against borrowed securities under SLB. | | | |
| 1.11 | Other deposits and prepayments | 1,893,450 | 100% | - |
| 1.12 | Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil) | | | |
| | 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties | | | |
| 1.13 | Dividends receivables. | | | |
| 1.14 | Amounts receivable against Repo financing. | | | |
| | Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>) | | | |
| 1.15 | Advances and receivables other than trade Receivables; | - | | |
| | (i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months. | - | - | - |
| | (ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation. | - | 100.00% | - |
| | (iii) In all other cases 100% of net value. | | | |
| 1.16 | Receivables from clearing house or securities exchange(s) | | | |
| | 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains. | - | - | - |
| | Receivables from customers | | | |
| | i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. | | | |
| | i. Lower of net balance sheet value or value determined through adjustments | | | |
| | ii. In case receivables are against margin trading, 5% of the net balance sheet value. | | | |
| | ii. Net amount after deducting haircut | | | |
| | iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, | | | |
| | iii. Net amount after deducting haircut | | | |
| | iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. | 9,791,128 | | 9,791,128 |
| | iv. Balance sheet value | | | |
| 1.17 | v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. | 17,189,076 | 5,725,662 | 11,463,414 |
| | v. Lower of net balance sheet value or value determined through adjustments | | | |
| | vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; | | | |
| | (a) Up to 30 days, values determined after applying var based haircuts. | 854,098 | 100% | - |
| | (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. | | | |
| | (c) above 90 days 100% haircut shall be applicable. | | | |
| | vi. Lower of net balance sheet value or value determined through adjustments | | | |
| | Cash and Bank balances | | | |
| 1.18 | i. Bank Balance-proprietary accounts | 2,489,757 | | 2,489,757 |
| | ii. Bank balance-customer accounts | 73,917,152 | | 73,917,152 |
| | iii. Cash in hand | 101,691 | | 101,691 |
| | Subscription money against investment in IPO/ offer for sale (asset) | | | |
| 1.19 | (i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. | | | |
| | (ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities. | | | |
| | (iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares. | | | |

2. Liabilities

| | | | | |
|-----|--|-------------------|---|-------------------|
| 2.1 | Trade Payables | | | |
| | i. Payable to exchanges and clearing house | - | - | - |
| | ii. Payable against leveraged market products | - | - | - |
| | iii. Payable to customers | 69,798,879 | - | 69,798,879 |
| 2.2 | Current Liabilities | | | - |
| | i. Statutory and regulatory dues | - | - | - |
| | ii. Accruals and other payables | 1,448,282 | - | 1,448,282 |
| | iii. Short-term borrowings | - | - | - |
| | iv. Current portion of subordinated loans | - | | |
| | v. Current portion of long term liabilities | | | |
| | vi. Deferred Liabilities | - | | |
| | vii. Provision for taxation | 2,641,925 | - | 2,641,925 |
| | viii. Other liabilities as per accounting principles and included in the financial statements | 7,182,668 | - | 2,500,000 |
| 2.3 | Non-Current Liabilities | | | |
| | i. Long-Term financing | | | |
| | ii. Other liabilities as per accounting principles and included in the financial statements | | | |
| | iii. Staff retirement benefits | | | |
| | Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases | | | |
| 2.4 | Subordinated Loans | | | |
| | i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: | | | |
| 2.5 | Advance against shares for Increase in Capital of Securities broker: | | | |
| | 100% haircut may be allowed in respect of advance against shares if: | | | |
| | a. The existing authorized share capital allows the proposed enhanced share capital | | | |
| | b. Board of Directors of the company has approved the increase in capital | | | |
| | c. Relevant Regulatory approvals have been obtained | | | |
| | d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. | | | |
| 2.6 | e. Auditor is satisfied that such advance is against the increase of capital | | | |
| | Total Liabilities | 81,071,754 | | 76,389,086 |

3. Ranking Liabilities Relating to :

| | | | | |
|-----|--|--|--|--|
| 3.1 | Concentration in Margin Financing | | | |
| | The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities | | | |
| 3.2 | Concentration in securities lending and borrowing | | | |
| | The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities) | | | |
| 3.3 | Net underwriting Commitments | | | |
| | (a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. | | | |
| | In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment | | | |
| | (b) in any other case : 12.5% of the net underwriting commitments | | | |
| 3.4 | Negative equity of subsidiary | | | |
| | The amount by which the total assets of the subsidiary (excluding any amount due from the | | | |

| | | | |
|------|---|---|--------|
| 3.5 | Foreign exchange agreements and foreign currency positions | | |
| | 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency | | |
| 3.6 | Amount Payable under REPO | | |
| 3.7 | Repo adjustment | | |
| | In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. | | |
| 3.8 | In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser | | |
| | Concentrated proprietary positions | | |
| 3.8 | If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security | - | 62,831 |
| | Opening Positions in futures and options | | |
| 3.9 | i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts | | |
| | ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met | | |
| 3.10 | Short sell positions | | |
| | i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts | | |
| 3.11 | ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts. | | |
| | Total Ranking Liabilities | | 62,831 |

Calculations Summary of Liquid Capital

54,159,248

- (i) Adjusted value of Assets (serial number 1.20)
(ii) Less: Adjusted value of liabilities (serial number 2.6)
(iii) Less: Total ranking liabilities (series number 3.11)

27. CAPITAL ADEQUACY LEVEL

| | Note | Amount in Rupees |
|--|------|--------------------|
| Total Assets | | 163,048,616 |
| Less: book value of TREC as per audited financial statements | | (5,000,000) |
| Add: notional value of TREC as determined by PSX | 1 | 2,500,000 |
| | | 160,548,616 |
| Less: | | |
| - total liabilities | | (76,389,086) |
| - revaluation surplus (created upon revaluation of fixed assets) | | - |
| Capital Adequacy Level | | 84,159,530 |

Note:

- (1) The notional value of TREC has been determined based on the guidance given by the Pakistan Stock Exchange in its Rule Book.

28. PATTERN OF SHAREHOLDING

As at June 30, 2024 following persons held more than 5% of the issued, subscribed and paid-up capital of the Company.

- Mr. Asnan UI Haq (Chief Executive)
- Mr. Ammar UI Haq (Director)

29. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on **07 OCT 2024** by the board of directors of the Company.

30. GENERAL

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.


Chief Executive Officer




Director