

SALMAN MAJEED SECURITIES (PVT) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Independent Auditor's Report to the Members of Salman Majeed Securities (Pvt) Limited
Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended June 30, 2022 were audited by another firm of Chartered Accountants (the auditors) who had expressed a unmodified opinion on those financial statements in their report dated November 2, 2022.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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


CHARTERED ACCOUNTANTS
Lahore: 12 OCT 2023

UDIN: AR202310082IKIJUgTo3

SALMAN MAJEED SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	12,741,440	15,914,952
Intangible assets	6	12,394,008	12,394,008
Long term investments	7	9,006,804	16,406,855
Long term deposits	8	100,000	1,500,000
Deferred taxation	9	-	-
		<u>34,242,252</u>	<u>46,215,815</u>
CURRENT ASSETS			
Trade debts	10	123,975	947,965
Trade deposits, short term prepayments and current account balance with statutory authorities	11	1,919,062	2,651,291
Cash and bank balances	12	13,822,329	10,380,377
		15,865,366	13,979,633
		<u>50,107,618</u>	<u>60,195,448</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	69,749,900	69,749,900
Accumulated loss		(20,682,495)	(19,462,496)
Fair value adjustment reserve	14	-	7,967,105
		49,067,405	58,254,509
NON CURRENT LIABILITIES			
Deferred taxation	9	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	15	680,469	247,168
Trade and other payables	16	359,744	1,438,182
Provision for taxation		-	255,589
		1,040,213	1,940,939
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		<u>50,107,618</u>	<u>60,195,448</u>

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


CHIEF EXECUTIVE


DIRECTOR

**SALMAN MAJEED SECURITIES (PVT) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	18	1,052,647	2,305,426
Direct costs	19	<u>(412,317)</u>	<u>(296,907)</u>
		640,330	2,008,519
Operating expenses	20	<u>(7,883,908)</u>	<u>(9,059,987)</u>
Other operating expenses	21	<u>(353,715)</u>	<u>-</u>
Other income	22	<u>6,504,237</u>	<u>2,829,865</u>
		<u>(1,733,386)</u>	<u>(6,230,122)</u>
LOSS FROM OPERATIONS		(1,093,056)	(4,221,603)
Finance cost	23	<u>(16,949)</u>	<u>9,699</u>
LOSS BEFORE TAXATION		(1,110,005)	(4,211,904)
Taxation	24	<u>(109,994)</u>	<u>(255,589)</u>
LOSS FOR THE YEAR		<u>(1,219,999)</u>	<u>(4,467,493)</u>
EARNINGS PER SHARE - BASIC AND DILUTED	25	<u>(0.17)</u>	<u>(0.64)</u>

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

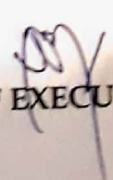

CHIEF EXECUTIVE


DIRECTOR

SALMAN MAJEED SECURITIES (PVT) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Loss for the year	(1,219,999)	(4,467,493)
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Unrealized loss on remeasurement of long term investment	-	(4,127,057)
Effect of reclassification of long term investments	(7,967,105)	-
Other comprehensive loss for the year	(7,967,105)	(4,127,057)
Total comprehensive loss for the year	<u>(9,187,104)</u>	<u>(8,594,550)</u>

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


 CHIEF EXECUTIVE


 DIRECTOR

SALMAN MAJEED SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

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

Balance as at June 30, 2021	53,249,900	(14,995,003)	12,094,162	50,349,059
Share capital issued	16,500,000	-	-	16,500,000
Loss after taxation	-	(4,467,493)	-	(4,467,493)
Other comprehensive loss	-	-	(4,127,057)	(4,127,057)
Total comprehensive loss for the year	-	(4,467,493)	(4,127,057)	(8,594,550)
Balance as at June 30, 2022	69,749,900	(19,462,496)	7,967,105	58,254,509
Loss after taxation	-	(1,219,999)	-	(1,219,999)
Other comprehensive loss	-	-	(7,967,105)	(7,967,105)
Total comprehensive loss for the year	-	(1,219,999)	(7,967,105)	(9,187,104)
Balance as at June 30, 2023	69,749,900	(20,682,495)	-	49,067,405

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


 CHIEF EXECUTIVE


 DIRECTOR

SALMAN MAJEED SECURITIES (PVT) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,110,005)	(4,211,904)
Adjustments of items not involving movements of cash:			
Depreciation	20	3,173,511	843,963
(Reversal)/provision for doubtful debts		(2,832,181)	4,005,985
Balances written off		353,715	-
Unrealized fair value gain		(567,054)	-
		<u>127,991</u>	<u>4,849,948</u>
Operating cash flows before working capital changes		(982,014)	638,044
(Increase) / decrease in working capital			
(Increase) / decrease in current assets			
Trade debts		3,302,456	(1,885,304)
Trade deposits and prepayments		743,803	10,880,651
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		433,301	-
Trade and other payables		(1,078,438)	(6,745,063)
		<u>3,401,122</u>	<u>2,250,284</u>
Cash generated from operations		2,419,108	2,888,328
Taxes paid		(377,156)	(272,942)
		<u>(377,156)</u>	<u>(272,942)</u>
Net cash generated from operating activities		<u>2,041,952</u>	<u>2,615,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	(16,618,560)
Long term advances refunded		1,400,000	-
Net cash generated from/(used in) investing activities		1,400,000	(16,618,560)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital issued		-	16,500,000
Net cash generated from investing activities		-	16,500,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
		3,441,952	2,496,826
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
		10,380,377	7,883,551
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
	A	<u>13,822,329</u>	<u>10,380,377</u>
A Cash and Cash Equivalents			
Cash and bank balances	12	<u>13,822,329</u>	<u>10,380,377</u>
		<u>13,822,329</u>	<u>10,380,377</u>

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

CHIEF EXECUTIVE

DIRECTOR

SALMAN MAJEED SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2023

1 COMPANY AND ITS OPERATION

- 1.1 The company was incorporated as Private Limited Company on June 22, 2007 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is engaged in the business of share brokerage and investment in securities. The registered office of the company is situated at Room No. 105, 1st Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

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

3.2 INTANGIBLE ASSETS

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

3.2.1 Membership card and offices

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

3.2.2 Computer Software

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

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

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

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

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

3.3 FINANCIAL ASSETS

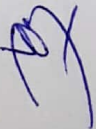
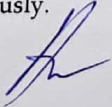
Financial assets are initially measured at cost and subsequently classified at fair value through profit or loss or at amortized cost. Management determines the classification of its financial assets at initial recognition.

3.4 FINANCIAL LIABILITIES

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

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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



3.6 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.

3.10 TAXATION

Current

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

Deferred

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

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

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

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

3.11 TRADE AND OTHER PAYABLES

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

3.12 PROVISIONS

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

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

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

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

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

3.13 CONTINGENT LIABILITIES

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

3.14 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchanges rate ruling at the date of transaction.

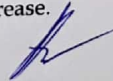

Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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



3.16 REVENUE RECOGNITION

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

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

3.17 BASIC AND DILUTED EARNINGS PER SHARE


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

3.18 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except 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.

4 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.



5. PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V As at June 30, 2023
	As at June 30, 2022	Additions	As at June 30, 2023		As at June 30, 2022	Charge for the year	As at June 30, 2023	

OWNED

Furniture and fittings	135,351	-	135,351	10%	100,656	3,470	104,126	31,225
Office equipment	192,527	-	192,527	10%	130,602	6,193	136,795	55,732
Computers	173,524	-	173,524	30%	171,705	546	172,251	1,273
Vehicles	16,648,960	-	16,648,960	20%	832,448	3,163,302	3,995,750	12,653,210
	<u>17,150,362</u>	<u>-</u>	<u>17,150,362</u>		<u>1,235,410</u>	<u>3,173,511</u>	<u>4,408,922</u>	<u>12,741,440</u>

5.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V As at June 30, 2022
	As at June 30, 2021	Additions	As at June 30, 2022		As at June 30, 2021	Charge for the year	As at June 30, 2022	

OWNED

Furniture and fittings	135,351	-	135,351	10%	96,801	3,855	100,656	34,695
Office equipment	192,527	-	192,527	10%	123,721	6,881	130,602	61,925
Computers	173,524	-	173,524	30%	170,925	780	171,705	1,819
Vehicles	16,648,960	-	16,648,960	20%	-	832,448	832,448	15,816,512
	<u>17,150,362</u>	<u>-</u>	<u>17,150,362</u>		<u>391,447</u>	<u>843,963</u>	<u>1,235,410</u>	<u>15,914,952</u>

5.2 Allocation of Depreciation:

Note	2023 Rupees	2022 Rupees
Operating expenses	3,173,511	843,963

	Note	2023 Rupees	2022 Rupees
6 INTANGIBLE ASSETS			
Rights of room		7,394,008	7,394,008
Membership PMEX		2,500,000	2,500,000
Trading right entitlement certificate (TREC)	6.1	2,500,000	2,500,000
		<u>12,394,008</u>	<u>12,394,008</u>

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

	Note	2023 Rupees	2022 Rupees
7 LONG TERM INVESTMENTS			
Quoted - Shares of LSE Ventures Limited and LSE Proptech Limited (Previously un-quoted shares of LSE Financial Services Limited)			
Investment at fair value through profit or loss			
Cost as at July 01,	7.2	8,439,750	8,439,750
Fair value adjustment		<u>567,054</u>	<u>7,967,105</u>
		<u>9,006,804</u>	<u>16,406,855</u>

7.1 Movement of fair value adjustment:

Opening balance			7,967,105
Effect of reclassification made during the year			(7,967,105)
Charge for the year			<u>567,054</u>
			<u>567,054</u>

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

	No. of shares	Rupees	Pledge Rupees	Pledged with
LSE Proptech Limited	295,535	1,421,523	1,421,523	Pakistan
LSE Venture Limited	842,809	7,585,281	7,585,281	Stock
	<u>1,138,344</u>	<u>9,006,804</u>	<u>9,006,804</u>	Exchange

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

9 DEFERRED TAXATION	Note	2023 Rupees	2022 Rupees
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		(93,345)	107,369
Provision for doubtful debts		(652,168)	(1,652,041)
Unrealized gain on long term investment		70,882	-
Taxable losses		(1,779,832)	(1,510,239)
Minimum taxes paid		<u>(196,516)</u>	<u>(149,820)</u>
		<u>(2,650,979)</u>	<u>(3,204,731)</u>
Balance as at July 01,		-	-
Add: Charge for the year		-	-
		<u>-</u>	<u>-</u>

9.1 At the year end, net deductible temporary differences and minimum tax credits resulted in a net deferred tax asset of Rs. 2.65 million (2022: Rs.3.20 million). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2024.

9.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Rupees	Accounting year in which minimum tax will expire
2019	35,524	2024
2021	80,140	2026
2022	34,156	2027
2023	46,696	2026

9.3 Business losses would expire as follows:

Accounting year to which business losses relates	Rupees	Accounting year in which business losses will expire
2018	277,817	2024
2019	288,667	2025
2020	222,605	2026
2021	-	2027
2022	777,333	2028
2023	1,236,057	2029

9.4 Depreciation losses having no expiry are as follows:

Accounting year to which depreciation losses relates	Rupees
2022	1,252,668
2023	2,082,204

10 TRADE DEBTS	Note	2023 Rupees	2022 Rupees
Receivable from clients on account of:			
Purchase of shares on behalf of clients		2,330,856	6,224,499
Less: Provision for doubtful debts	10.2 & 10.3	<u>2,248,856</u>	<u>5,696,692</u>
		82,000	527,807
National Clearing Company of Pakistan Ltd.		41,975	420,158
		<u>123,975</u>	<u>947,965</u>
10.1 Ageing of the trade debts:		<u>123,975</u>	<u>947,965</u>
More than 5 days		<u>123,975</u>	<u>947,965</u>

	Note	2023 Rupees	2022 Rupees
10.2 Movement of provision for doubtful debt			
Opening balance		5,696,692	1,693,312
(Reversal)/ provision for the year		(2,832,181)	4,003,380
		<u>2,864,511</u>	<u>5,696,692</u>
Written off during the year		(615,655)	-
		<u>2,248,856</u>	<u>5,696,692</u>

10.3 This includes provision amounting Rs. 3,650 and Rs.17,000 against receivable from Mr. Salman Majeed (CEO) and Mrs. Saira Majeed respectively. Provision is based on balances outstanding for more than 5 days exceeding market value of holding securities after VAR haircut.

	Note	2023 Rupees	2022 Rupees
11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Ltd.		-	2,330,040
Eclear Services Limited		1,589,535	-
Tax deducted at source		327,922	316,348
Other receivables		1,605	4,903
		<u>1,919,062</u>	<u>2,651,291</u>

12 CASH AND BANK BALANCES

These were held as under:

Cash in hand		423,614	436,609
Cash at bank:			
in current accounts			
Pertaining to brokerage house		1,620,531	25,359
Pertaining to clients		11,778,184	9,918,409
		<u>13,398,715</u>	<u>9,943,768</u>
		<u>13,822,329</u>	<u>10,380,377</u>

13 SHARE CAPITAL

Authorized

10,000,000 (2022: 10,000,000) ordinary shares of Rs.10 each

100,000,000 100,000,000

Issued, subscribed and paid up

5,324,990 (2022: 5,324,990) ordinary shares of Rs.10 each fully paid in cash

53,249,900 53,249,900

1,650,000 (2022: 1,650,000) ordinary shares of Rs.10 each fully paid for consideration other than cash

13.1 16,500,000 16,500,000

69,749,900 69,749,900

13.1 Share issued for consideration other than cash

Share issued against vehicles

16,500,000 16,500,000

13.2 Pattern of Shareholding:

Categories of shareholders	% age of Shares Held		Number of Shares Held	
	2023	2022	2023	2022
Individual - Chief Executive Officer				
Mr. Salman Majeed Sheikh	99.99%	99.99%	6,974,890	6,974,890
Individual - Director				
Ms. Saira Majeed	0.01%	0.01%	100	100
	<u>100%</u>	<u>100%</u>	<u>6,974,990</u>	<u>6,974,990</u>

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

14 FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve

Note	2023 Rupees	2022 Rupees
14.1	-	7,967,105

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

15 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES

Accrued expenses

Note	2023 Rupees	2022 Rupees
	680,469	247,168

16 TRADE AND OTHER PAYABLES

Creditors for sale of shares on behalf of clients

Note	2023 Rupees	2022 Rupees
16.2	359,744	1,438,182

16.1 The total value of securities pertaining to clients is Rs. nil held in sub-accounts of the company.

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

Name of related party	Basis of relationship	2023 Rupees	2022 Rupees
Salman Majeed	Chief Executive	129,715	6,980
Saira Majeed	Director	61,000	30,000

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

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

17.2 Commitments

17.2.1 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 3.41 million to Pakistan Stock Exchange (PSX) on behalf of the company to meet the Base Minimum Capital requirements.

	Note	2023 Rupees	2022 Rupees
18 BROKERAGE AND COMMISSION			
Retail customers	18.1	1,221,071	2,734,064
Less: Sales tax		<u>(168,424)</u>	<u>(428,638)</u>
		<u>1,052,647</u>	<u>2,305,426</u>
19 DIRECT COSTS			
Charges paid to:			
Pakistan Stock Exchange Limited		275,224	115,327
Central Depository Company of Pakistan Ltd.		66,748	81,522
National Clearing Company of Pakistan Ltd.		<u>70,345</u>	<u>100,058</u>
		<u>412,317</u>	<u>296,907</u>
20 OPERATING EXPENSES			
Directors' remuneration		1,057,900	1,056,000
Staff salaries and benefits		1,766,172	1,352,000
Rent, rates and taxes		70,000	70,000
Utilities		638,868	609,636
Printing and stationery		23,900	16,390
Repair and maintenance		9,900	-
Legal and professional charges	20.1	566,400	492,602
Fee and subscription		212,970	224,880
Insurance		112,500	-
Entertainment		156,985	313,900
Depreciation	5	3,173,511	843,963
Travelling and conveyance		22,765	74,630
Others		72,037	-
Charge for doubtful receivables		-	4,005,986
		<u>7,883,908</u>	<u>9,059,987</u>
20.1 Auditor's remuneration			
This includes statutory audit fee and other certification charges as detailed below :			
	Note	2023 Rupees	2022 Rupees
Amin, Mudassar & Co.			
Chartered Accountants			
Statutory audit		225,000	-
Certification fee for regulatory purposes		-	-
		<u>225,000</u>	<u>-</u>
IECnet S.K.S.S.S			
Chartered Accountants			
Statutory audit		-	224,880
Certification fee for regulatory purposes		-	-
		<u>-</u>	<u>224,880</u>
21 OTHER OPERATING EXPENSES			
Balances written off		353,715	-
		<u>353,715</u>	<u>-</u>

	Note	2023 Rupees	2022 Rupees
22 OTHER INCOME			
Income from financial assets			
Dividend income		421,991	1,391,983
Gain on remeasurement of long term investment		567,054	-
Reversal of provision for doubtful debts		2,832,181	-
Interest income		2,041,004	427,058
Income from assets other than financial assets		<u>642,007</u>	<u>1,010,824</u>
Other income		<u>6,504,237</u>	<u>2,829,865</u>
23 FINANCE COST		<u>16,949</u>	<u>(9,699)</u>
Bank charges			
24 TAXATION			
Income tax:		109,994	255,589
- Current	9	-	-
- Deferred		<u>109,994</u>	<u>255,589</u>

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

25 EARNINGS PER SHARE - BASIC AND DILUTED

	2023	2022
Loss for the year-Rupees	<u>(1,219,999)</u>	<u>(4,467,493)</u>
Weighted Average Number of ordinary shares outstanding during the year-Numbers	<u>6,974,990</u>	<u>6,974,990</u>
Earnings per share-Rupees	<u>(0.17)</u>	<u>(0.64)</u>

26 NUMBER OF EMPLOYEES

	2023 (n u m b e r)	2022 (n u m b e r)
Total number of employees at the end of year	<u>6</u>	<u>6</u>
Average number of employees during the year	<u>6</u>	<u>6</u>

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2023		
	Chief Executive	Director	Executives
	----- R u p e e s -----		
Managerial remuneration	721,900	336,000	-
Insurance	50,000	-	-
	<u>771,900</u>	<u>336,000</u>	<u>-</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>

	2022		
	Chief Executive	Director	Executives
	----- R u p e e s -----		
Managerial remuneration	720,000	336,000	-
Insurance	286,460	-	-
	<u>1,006,460</u>	<u>336,000</u>	<u>-</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>

28 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

	2023 Rupees	2022 Rupees
Financial assets		
At fair value through OCI		
Long term investment	-	<u>16,406,855</u>
At fair value through profit or loss		
Investment in listed securities	<u>9,006,804</u>	-
At amortised cost		
Long term deposits	100,000	1,500,000
Trade debts	123,975	947,965
Loans and advances	-	-
Trade deposits	1,591,140	2,334,943
Cash and bank balances	<u>13,822,329</u>	<u>10,380,377</u>
	<u>15,637,444</u>	<u>15,163,285</u>
Financial liabilities		
At amortized cost		
Deposits, accrued liabilities and advances	680,469	247,168
Trade and other payables	<u>359,744</u>	<u>1,438,182</u>
	<u>1,040,213</u>	<u>1,685,350</u>

29 **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 except the following:

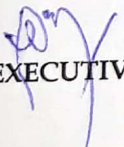
Head of account	Reclassified from statement of profit or loss	Reclassified to statement of profit or loss	Rupees
Charges paid to:			
Pakistan Stock Exchange Limited	Operating expenses	Direct costs	115,327
Central Depository Company of Pakistan Ltd.	Operating expenses	Direct costs	81,522
National Clearing Company of Pakistan Ltd.	Operating expenses	Direct costs	100,058
Divident income	Operating revenue	Other income	1,391,983

30 **GENERAL**

Figures have been rounded off to the nearest of rupee.

31 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 12 OCT 2023 by the Board of Directors of the Company.


CHIEF EXECUTIVE


DIRECTOR