

Independent Auditor's Report to the members of AMER SECURITIES (PVT) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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


CHARTERED ACCOUNTANTS

Lahore: **30 OCT 2023**

UDIN: AR202310082iqFxMht7B

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

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	166,427	199,296
Intangible assets	5	5,996,874	6,014,274
Long term investments	6	10,666	18,760
Long term deposits	7	2,450,000	1,500,000
		<u>8,623,967</u>	<u>7,732,330</u>
CURRENT ASSETS			
Trade debts	8	6,286,655	8,365,941
Investment at fair value through profit or loss	9	82,097,827	66,315,160
Trade deposits, short term prepayments and current account balance with statutory authorities	10	1,314,467	2,329,120
Accrued interest		25,849	-
Cash and bank balances	11	8,302,685	16,191,638
		<u>98,027,483</u>	<u>93,201,859</u>
		<u>106,651,450</u>	<u>100,934,189</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	75,000,000	35,000,000
Revenue reserve			
Un-appropriated profit		17,350,935	23,992,584
Capital reserve			
Fair value adjustment reserve	13	-	5,084
		<u>92,350,935</u>	<u>58,997,668</u>
NON CURRENT LIABILITIES			
Deferred taxation	14	-	14,669
Deferred liabilities - gratuity	15	3,128,052	2,460,322
		<u>3,128,052</u>	<u>2,474,991</u>
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	16	958,309	1,741,069
Trade and other payables	17	4,121,568	4,165,203
Accrued markup		55,016	383,166
Loan from banking companies	18	-	-
Loan from related party	19	4,009,174	31,259,174
Provision for taxation		2,028,396	1,912,918
		<u>11,172,463</u>	<u>39,461,530</u>
CONTINGENCIES AND COMMITMENTS			
	20		
		<u>106,651,450</u>	<u>100,934,189</u>

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

DIRECTOR

 Afshreen Amer



DIRECTOR

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

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	21	1,954,050	6,135,632
Capital loss on investment in listed securities		(15,406,343)	(21,905,737)
Capital gain on investment in unquoted shares		-	2,866,490
		<u>(13,452,293)</u>	<u>(12,903,615)</u>
Direct cost	22	<u>(536,631)</u>	<u>(1,229,534)</u>
		(13,988,924)	(14,133,149)
Operating expenses	23	(6,818,665)	(8,700,702)
Other operating expenses	24	(610,411)	(8,179,374)
Other income	25	16,817,093	7,152,362
		<u>9,388,017</u>	<u>(9,727,714)</u>
LOSS FROM OPERATIONS		(4,600,907)	(23,860,863)
Finance cost	26	<u>(420,284)</u>	<u>(1,603,335)</u>
LOSS BEFORE TAXATION		(5,021,191)	(25,464,198)
Taxation	27	<u>(1,509,471)</u>	<u>(2,737,267)</u>
LOSS FOR THE YEAR		<u>(6,530,662)</u>	<u>(28,201,465)</u>
EARNINGS PER SHARE-BASIC AND DILUTED	28	<u>(107.69)</u>	<u>(1,091.56)</u>

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

DIRECTOR

Upphew Amer



DIRECTOR

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

	2023 Rupees	2022 Rupees
Loss for the year	(6,530,662)	(28,201,465)
Items that will not be reclassified subsequently to profit and loss account		
Loss/(gain) on staff retirement benefit obligation	(156,320)	187,069
Less: Related deferred tax	45,333	(54,250)
	(110,987)	132,819
Items that may be reclassified subsequently to profit and loss account		
Loss on available for sale investment	-	(2,700)
Transfer on disposal of investment	-	(8,311,734)
Transfer on reclassification of investment	(7,160)	-
Deferred tax on available for sale investment	2,076	(2,076)
	(5,084)	(8,316,510)
Other comprehensive loss for the year	(116,071)	(8,183,691)
Total comprehensive loss for the year	<u>(6,646,731)</u>	<u>(36,385,156)</u>

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

DIRECTOR

Afshar Amer



DIRECTOR

Afshar Amer

AMER 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		(5,021,191)	(25,464,198)
Adjustments of items not involving movements of cash:			
Depreciation	4	32,869	41,813
Amortization	5.2	17,400	17,400
Finance cost	26	409,416	1,539,344
Provision for gratuity		511,410	399,891
Capital loss on investment in listed securities		15,406,343	21,905,737
Capital loss/(gain) on investment in unquoted shares		934	(2,866,490)
Provision/(reversal) of provision for doubtful debts		583,394	(75,043)
(Gain)/loss on remeasurement of investment at fair value	9	(3,914,574)	8,101,620
		<u>13,047,192</u>	<u>29,064,272</u>
Operating cash flows before working capital changes		8,026,001	3,600,074
(Increase)/Decrease in working capital			
(Increase)/decrease in current assets			
Trade debts		1,495,892	6,723,270
Accrued interest		(25,849)	-
Trade deposits and short term prepayments		1,014,653	(1,593,837)
Increase/(decrease) in current liabilities			
Deposits, accrued liabilities and advances		(782,760)	(15,229)
Trade and other payables		(43,635)	(4,074,664)
		<u>1,658,301</u>	<u>1,039,540</u>
Cash generated from operations		9,684,302	4,639,614
Taxes paid		(1,361,253)	-
Finance cost paid		(737,566)	(1,521,439)
		<u>(2,098,819)</u>	<u>(1,521,439)</u>
Net cash flows from operating activities		7,585,483	3,118,175
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	(23,500)
Long term advances - refunded		-	2,000,000
Investment at fair value through profit or loss - net		(27,274,436)	28,121,007
Proceeds from sale of unquoted shares		-	12,645,000
Net cash (used in)/generated from investing activities		(27,274,436)	42,742,507
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares - net		40,000,000	-
Deposits with Pakistan Stock Exchange Limited		(950,000)	-
Repayment of loan from related party - net		(27,250,000)	-
Net Cash Flows From Financing Activities		11,800,000	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,888,953)	45,860,682
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		16,191,638	(29,669,044)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>8,302,685</u>	<u>16,191,638</u>
A Cash and Cash Equivalents			
Cash and bank balances	11	8,302,685	16,191,638
Loan from banking companies	18	-	-
		<u>8,302,685</u>	<u>16,191,638</u>

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

Afsheen Amir



DIRECTOR

[Signature]

DIRECTOR

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

Paid up capital	Un-appropriated profit	Fair value adjustment reserve	Total
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----- (R u p e e s) -----

Balance as at June 30, 2021

35,000,000 52,061,230 8,321,594 95,382,824

Loss after taxation

-	(28,201,465)	-	(28,201,465)
-	132,819	(8,316,510)	(8,183,691)
-	(28,068,646)	(8,316,510)	(36,385,156)

Other comprehensive loss

Total comprehensive loss for the year

Balance as at June 30, 2022

35,000,000 23,992,584 5,084 58,997,668

Shares issued during the year

40,000,000 - - 40,000,000

Loss after taxation

-	(6,530,662)	-	(6,530,662)
-	(110,987)	(5,084)	(116,071)
-	(6,641,649)	(5,084)	(6,646,733)

Other comprehensive loss

Total comprehensive loss for the year

Balance as at June 30, 2023

75,000,000 17,350,935 - 92,350,935

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

DIRECTOR

Afsheen Anwar



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DIRECTOR

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

1 COMPANY AND ITS OPERATION

- 1.1** The company was incorporated as Private Limited Company on September, 2003 under the repealed Companies Ordinance, 1984. 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. 620, 6th Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore. The branch office of the company is located at Room No. 620, 6th 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 day in which an asset is ready to use while no depreciation is charged for the day in which an asset is disposed off. Normal repair and maintenance is charged to 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 is charged using straight line method.

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

3.3 FINANCIAL ASSETS

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

3.4 FINANCIAL LIABILITIES


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

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

3.6 TRADE DEBTS AND OTHER RECEIVABLES

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



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

3.7 CHANGE IN CLASSIFICATION OF FINANCIAL ASSETS

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

3.8 CASH AND CASH EQUIVALENTS

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

3.9 BORROWINGS

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

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

3.10 TAXATION

Current

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

Deferred

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


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

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

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

3.11 Staff retirement benefits - gratuity

The Company operates an unfunded Gratuity Scheme covering all workers and the permanent employees of the Company with qualifying service period of six months. Provision is made annually on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. All related costs are charged to profit or loss except all actuarial gains and losses (i.e. measurements) are recognised in other comprehensive income.



3.12 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.

3.13 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.

3.14 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.

3.15 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 account.

3.16 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.

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

3.18 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.

3.19 RELATED PARTY TRANSACTIONS

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

3.20 TRADE DATE ACCOUNTING

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



4 PROPERTY AND EQUIPMENT

Particulars	Cost				Depreciation				W.D.V	
	As at June 30, 2022	Additions	Deletions	As at June 30, 2023	Rate %	As at June 30, 2022	Charge for the year	Disposal	As at June 30, 2023	As at June 30, 2023
	(R u p e e s)									

OWNED

Furniture and fixtures	159,350	-	-	159,350	10	111,005	4,835	-	115,840	43,510
Vehicles	25,000	-	-	25,000	10	12,378	1,262	-	13,640	11,360
Office equipment	150,700	-	-	150,700	10	81,443	6,926	-	88,369	62,331
Computers	727,776	-	-	727,776	30	663,078	19,409	-	682,487	45,289
Electric fittings	30,500	-	-	30,500	10	26,126	437	-	26,563	3,937
	1,093,326	-	-	1,093,326		894,030	32,869	-	926,899	166,427

OWNED

Particulars	Cost				Depreciation					W.D.V As at June 30, 2022
	As at June 30, 2021	Additions	Deletions	As at June 30, 2022	Rate %	As at June 30, 2021	Charge for the year	Disposal	As at June 30, 2022	
----- (R u p e e s) -----										
OWNED										
Furniture and fixtures	159,350	-	-	159,350	10	105,633	5,372	-	111,005	48,345
Vehicles	25,000	-	-	25,000	10	10,976	1,402	-	12,378	12,622
Office equipment	127,200	23,500	-	150,700	10	74,618	6,825	-	81,443	69,257
Computers	727,776	-	-	727,776	30	635,350	27,728	-	663,078	64,698
Electric fittings	30,500	-	-	30,500	10	25,640	486	-	26,126	4,374
	1,069,826	23,500	-	1,093,326		852,217	41,813	-	894,030	199,296

		2023	2022
	Note	Rupees	Rupees
5 INTANGIBLE ASSETS			
Rights of room		3,476,916	3,476,916
Trading right entitlement certificate (TREC)	5.1	2,500,000	2,500,000
Computer software	5.2	19,958	37,358
		<u>5,996,874</u>	<u>6,014,274</u>

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

	Note	2023	2022
		Rupees	Rupees
5.2 Computer software			
Cost:			
Balance as at July 01,		174,000	174,000
Additions during the year		-	-
Balance as at June 30,		174,000	174,000
Amortization:			
Balance as at July 01,		136,642	119,242
Charge for the period	23	17,400	17,400
Balance as at June 30,		154,042	136,642
Net book value		<u>19,958</u>	<u>37,358</u>
Rate of amortization		<u>10%</u>	<u>10%</u>

6 LONG TERM INVESTMENTS

Quoted - Shares of LSE Ventures Limited and LSE Proptech Limited (Previously un-quoted shares of LSE Financial Services Limited)

Cost

Opening balance	11,600	9,790,110
Disposal during the year	-	(9,778,510)
Addition during the year	-	-
	11,600	11,600

Fair value reserve

Opening balance	7,160	8,321,594
Reclassified during the year	(7,160)	-
Realized during the year	-	(8,311,734)
Unrealized loss for the year	(934)	(2,700)
	(934)	7,160

6.1

10,666

18,760

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

	No. of shares	Value Rupees
LSE Proptech Limited	350	1,684
LSE Venture Limited	998	8,982
	1,348	10,666

Note

2023
Rupees

2022
Rupees

7 LONG TERM DEPOSITS

Deposits with:

National Clearing Company of Pakistan Ltd.	1,400,000	1,400,000
Pakistan Stock Exchange Ltd.	950,000	-
Central Depository Company of Pakistan Ltd.	100,000	100,000
	2,450,000	1,500,000

	Note	2023 Rupees	2022 Rupees
8 TRADE DEBTS			
Receivable from clients on account of:			
Purchase of shares on behalf of clients		6,849,346	9,699,444
Receivable from related party	8.1	36,200	33,807
Less: Balances written off		-	(94,266)
		6,885,546	9,638,985
Less: Provision for doubtful debts	8.2	1,856,438	1,273,044
	8.4	5,029,108	8,365,941
National Clearing Company of Pakistan		1,257,547	-
		6,286,655	8,365,941

8.1 Receivable from related parties comprise of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2023 Rupees	2022 Rupees
Mr. Muhammad Arshad	Director	36,200	36,200	32,876
Mr. Amer Ilyas	Chief Executive	-	-	931
			36,200	33,807

8.2 Aging analysis of the amounts due from related party is as follows:

	Up to 1 months	1 to 6 months	More than 6 months	As at June 30, 2023
	-----Rupees-----			
Mr. Muhammad Arshad	19,865	-	16,335	36,200
	19,865	-	16,335	36,200

8.3 Movement is as follows

Opening balance	1,273,044	1,442,353
Add: Provision made/(reversed) during the year	583,394	(75,043)
Less: Balances written off	-	(94,266)
	1,856,438	1,273,044

8.3.1 This includes provision amounting Rs. 16,336 (2022: nil) against receivable from Mr. Muhammad Arshad (Director). 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
8.4 Aging Analysis			
Up to five days		1,623,829	3,497,736
More than five days		4,662,826	4,868,204
		<u>6,286,655</u>	<u>8,365,940</u>

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

Carrying value		78,183,253	74,416,780
Gain/(loss) on re-measurement of investment at fair value	9.1	<u>3,914,574</u>	<u>(8,101,620)</u>
		<u>82,097,827</u>	<u>66,315,160</u>

Rupees

9.1 Movement in fair value reserve:

Opening balance		(8,101,620)
Unrealized loss transferred on disposal		6,901,041
Gain on re-measurement of investment		<u>5,115,153</u>
		<u>3,914,574</u>

9.2 This includes shares having carrying value of Rs. 18,670,492 (2022: Rs. 12,631,202) pledged with financial institutions and shares amounting Rs. 2,118,800 (2022: Rs. 19,602,220) pledged with National Clearing Company of Pakistan Limited for exposure margins and shares amounting Rs.23,953,920 (2022: Rs. nil) pledged with Pakistan Stock Exchange for BMC purposes.

	Note	2023 Rupees	2022 Rupees
10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			

Deposits with:

National Clearing Company of Pakistan	10.1	814,467	1,829,120
JS Bank Ltd. against guarantee	20.1	<u>500,000</u>	<u>500,000</u>
		<u>1,314,467</u>	<u>2,329,120</u>

10.1 This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 10% to 18% (2022: 5% to 10%) per annum.

	Note	2023 Rupees	2022 Rupees
11 CASH AND BANK BALANCES			
These were held as under:			
Cash in hand		-	-
Cash at bank			
Current accounts:			
Pertaining to brokerage house		5,901,645	11,409,258
Pertaining to clients		2,401,040	4,782,380
		8,302,685	16,191,638
		8,302,685	16,191,638

12 SHARE CAPITAL

Authorized

75,000 (2022: 35,000) ordinary shares
of Rs. 1,000 each

75,000,000	75,000,000
------------	------------

Issued, subscribed and paid up

75,000 (2022: 35,000) ordinary shares of Rs. 1,000 each
fully paid in cash

75,000,000	35,000,000
------------	------------

12.1 Pattern of Shareholding:

Categories of shareholders	% of shares held		Number of Shares Held	
	2023	2022	2023	2022
Individual				
Chief Executive				
Mr. Amer Ilyas	82.86%	70%	69,000	29,000
Director				
Mrs. Afsheen Amer	16.57%	29%	5,800	5,800
Mr. Muhammad Arshad	0.57%	1%	200	200
	100%	100%	75,000	35,000

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

	2023 Note	2022 Rupees
13 FAIR VALUE ADJUSTMENT RESERVE		
Fair value adjustment reserve	-	5,084

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

	Note	2023 Rupees	2022 Rupees
14 DEFERRED TAXATION			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		4,595	12,593
Unrealized gain on long term investment		(117)	2,076
Provision for doubtful debts		(538,367)	(369,183)
Gratuity payable		(334,495)	(468,428)
Unrealized gain on short term investment		587,186	(1,215,243)
Capital loss on short term investment		(4,998,751)	(1,866,504)
Deferred tax asset not recognised		5,279,949	3,919,358
		<u>-</u>	<u>14,669</u>
Balance as at July 01,		14,669	(834,424)
Add: Charge/(Reversal) for the year			
Statement of profit or loss		32,740	792,767
Statement of comprehensive income		(47,409)	56,326
		<u>(14,669)</u>	<u>849,093</u>
		<u>-</u>	<u>14,669</u>

At the year end, net deductible temporary differences resulted in a net deferred tax asset of Rs.5.28 million. However, deferred tax asset has not been recognized in the financial statements being prudent. The company will reassess the recognition of deferred tax asset at the year end June 30, 2024. Capital losses relating to year ended June 30, 2022 and June 30, 2023 are amounting Rs.12.44 million and Rs.20.88 million respectively having expiry as at June 30, 2025 and June 30, 2026 respectively.

	Note	2023 Rupees	2022 Rupees
15 DEFERRED LIABILITIES - GRATUITY			
Provision for staff gratuity	15.1	<u>3,128,052</u>	<u>2,460,322</u>
15.1 Staff Gratuity - Defined benefits plan			
The amount recognized in the statement of financial position:			
Present value of defined benefit obligation		<u>3,128,052</u>	<u>2,460,322</u>
Movement in present value of defined benefit obligation:			
Present value of defined benefit obligations as on July 01,		2,460,322	2,247,500
Charge to profit or loss		511,410	399,891
Benefits paid during the year		-	-
Recognised in other comprehensive income		156,320	(187,069)
Present value of defined benefit obligations as on June 30,		<u>3,128,052</u>	<u>2,460,322</u>

	Note	2023 Rupees	2022 Rupees
Charge to profit and loss for the year:			
Service cost		185,417	175,141
Interest cost		325,993	224,750
		<u>511,410</u>	<u>399,891</u>
In Other Comprehensive Income			
Re-measurements in the year		156,320	(187,069)
Related deferred tax		(45,333)	54,250
		<u>110,987</u>	<u>(132,819)</u>

15.2 Sensitivity Analysis

The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	Jun-23			
	Discount rate		Salary increase	
	+1%	-1%	+1%	-1%
	----- R u p e e s -----			
Present value of obligation	<u>2,860,138</u>	<u>3,421,138</u>	<u>3,421,062</u>	<u>2,860,103</u>
	Jun-22			
	Discount rate		Salary increase	
	+1%	-1%	+1%	-1%
	----- R u p e e s -----			
Present value of obligation	<u>2,294,759</u>	<u>2,637,766</u>	<u>2,637,831</u>	<u>2,294,787</u>

15.3 Significant Actuarial Assumptions:

	Note	2023	2022
Discount rate used for year end obligation		16.25%	13.3%
Expected Rate of salary increase in future years		15.25%	12.3%
Average expected remaining working lifetime of members		10 Years	9 Years
Average duration of liability		9 Years	7 Years

	Note	2023 Rupees	2022 Rupees
16 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		<u>958,309</u>	<u>1,741,069</u>
17 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	19.1&19.2	2,972,307	2,681,195
Punjab workers welfare fund payable		1,109,304	1,083,221
Payable to National Clearing Company of Pakistan Ltd.		-	340,376
Other payable		<u>39,957</u>	<u>60,411</u>
		<u>4,121,568</u>	<u>4,165,203</u>

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

Name	Basis of relationship	2023 Rupees	2022 Rupees
Mr. Muhammad Arshad	Director	-	-
Mrs. Afsheen Amer	Director	-	24,013
Mr. Amer Ilyas	Chief Executive	1,309,575	-
		<u>1,309,575</u>	<u>24,013</u>

17.2 The total value of securities pertaining to clients, employees and directors/sponsors are amounting Rs.88.79 million, Rs.nil and Rs.135.71 million respectively held in sub-accounts of the company. No security is pledged by client to the financial institutions except with NCCPL amounting Rs. 27.21 million for exposure.

	Note	2023 Rupees	2022 Rupees
18 LOAN FROM BANKING COMPANIES			
Short term borrowings-secured			
Bank AL Habib Limited	18.1	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

18.1 This facility of Rs. 50.00 million (2022: Rs. 50.00 million) is available to the company under the markup arrangement from Bank AL Habib Limited. Rate of markup is 3 Months KIBOR plus 2.5% Per annum. This facility is secured against pledge of shares of listed company as per approved list of shares, hypo charge over present and future vehicles for Rs. 20 million registered with SECP and personal guarantees of directors.

	Note	2023 Rupees	2022 Rupees
19 LOAN FROM RELATED PARTY	19.1	4,009,174	31,259,174
19.1 Loan from Mr. Amer Ilyas - Chief executive			
Balance as at July 01,		31,259,174	31,259,174
Add: Loan received during the year		4,600,000	28,600,000
		35,859,174	59,859,174
Less: Adjustments/repayment during the year		(31,850,000)	(28,600,000)
		<u>4,009,174</u>	<u>31,259,174</u>

19.2 This represents interest free and un-secured loan obtained from the chief executive of the company to meet the working capital requirements and utilized for the same purpose. This is payable on demand of the lender.

20 CONTINGENCIES AND COMMITMENTS

20.1 JS Bank Limited has issued a guarantee on behalf of the company in favor of National Clearing Company of Pakistan Limited amounting Rs. 5.00 million (2022: Rs. 5.00 million).

20.2 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 315 to Pakistan Stock Exchange (PSX) on behalf of the company for meeting the Base Minimum Capital requirements.

20.3 Commitments against capital expenditure amounting Rs. Nil. (2022 Rs. Nil).

	Note	2023 Rupees	2022 Rupees
21 BROKERAGE AND COMMISSION			
Retail customers		2,266,698	7,117,324
Less: Sales tax		(312,648)	(981,694)
		<u>1,954,050</u>	<u>6,135,632</u>

22 DIRECT COST

Charges paid to:			
Pakistan Stock Exchange Ltd.		184,987	352,528
Central Depository Company of Pakistan Ltd.		193,205	333,702
National Clearing Company of Pakistan Ltd.		158,439	543,304
		<u>536,631</u>	<u>1,229,534</u>

	Note	2023 Rupees	2022 Rupees
23 OPERATING EXPENSES			
Directors' remuneration		1,119,237	2,784,403
Staff salaries and benefits	23.1	2,637,910	2,570,641
Rent, rates and taxes		42,076	30,000
Communication expenses		233,630	245,935
Electricity charges		322,069	431,787
Postage and courier charges		25,080	44,540
Printing and stationery		20,950	21,730
Repair and maintenance		208,970	188,575
Legal and professional charges	23.2	499,250	479,300
Fee and subscription		73,253	243,116
Insurance		2,017	-
Entertainment		831,596	585,242
Office expenses		133,675	183,715
Software maintenance charges		490,126	721,015
Donation		57,200	67,590
Depreciation	4	32,869	41,813
Amortization	5	17,400	17,400
Others		71,357	43,900
		<u>6,818,665</u>	<u>8,700,702</u>

23.1 Staff salaries and benefits include provision for gratuity amounting Rs. 511,410 (2022: Rs.399,891).

23.2 Auditor's remuneration

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

	Note	2023 Rupees	2022 Rupees
Amin, Mudassar & Co., Chartered Accountants			
Statutory audit		204,750	199,500
Certification fee		87,600	106,050
		<u>292,350</u>	<u>305,550</u>

24 OTHER OPERATING EXPENSES

Loss on measurement of investment at fair value through profit or loss	9	-	8,101,620
Loss on measurement of long term investment		934	-
Provision for doubtful debts		583,394	-
Punjab workers welfare fund		26,083	77,754
		<u>610,411</u>	<u>8,179,374</u>

	Note	2023 Rupees	2022 Rupees
25 OTHER INCOME			
Income from financial assets			
Dividend income		8,085,069	6,349,551
Gain on remeasurement of investment at fair value through profit or loss		6,901,041	-
Interest on exposure margin		260,958	91,395
Interest income		1,460,464	34,212
Reversal of provision for doubtful debts		-	75,043
Income from assets other than financial assets			
Other income		109,561	602,161
		<u>16,817,093</u>	<u>7,152,362</u>
26 FINANCE COST			
Markup on short term borrowings		409,416	1,539,344
Bank charges		10,868	63,991
		<u>420,284</u>	<u>1,603,335</u>
27 TAXATION			
Income tax:			
-Current		1,460,834	1,944,500
-Prior year		15,897	-
-Deferred	14	32,740	792,767
		<u>1,509,471</u>	<u>2,737,267</u>

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

	2023 Rupees	2022 Rupees
Loss before taxation	<u>(5,021,191)</u>	<u>(25,464,198)</u>
Tax at applicable rate	(1,456,145)	(7,384,617)
Tax effect of income under final tax regime	2,864,354	9,307,566
Tax effect of non-deductible expenses	58,032	21,551
Tax effect of deductible expenses	(5,407)	-
Prior year tax	15,897	-
Deferred taxation	32,740	792,767
	<u>1,509,471</u>	<u>2,737,267</u>

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28 EARNINGS PER SHARE-BASIC AND DILUTED

	2023	2022
Loss for the year-Rupees	<u>(6,530,662)</u>	<u>(28,201,465)</u>
Weighted average number of ordinary shares outstanding during the year-Numbers	<u>60,644</u>	<u>25,836</u>
Earnings per share-Rupees	<u>(107.69)</u>	<u>(1,091.56)</u>

29 NUMBER OF EMPLOYEES

	2023 (N u m b e r)	2022
Total number of employees at the end of year	<u>7</u>	<u>7</u>
Average number of employees during the year	<u>7</u>	<u>7</u>

30 REMUNERATION OF DIRECTORS

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

	Chief Executive		Director	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Managerial remuneration	<u>512,237</u>	<u>2,807,479</u>	<u>607,000</u>	<u>480,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

- One director is entitled to post retirement benefits (i.e gratuity).
- No employee of the company meets the criteria of executive as per the requirements of the Companies Act, 2017.

31 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Available for sale

Long term investment

	2023 Rupees	2022 Rupees
	<u>-</u>	<u>18,760</u>

At fair value through profit or loss

Long term investment

Investment at fair value through profit or loss

	<u>10,666</u>	<u>-</u>
	<u>82,097,827</u>	<u>66,315,160</u>
	<u>82,108,493</u>	<u>66,315,160</u>

Loans and receivables

Long term deposits

Trade debts

Trade deposits

Cash and bank balances

	<u>2,450,000</u>	<u>1,500,000</u>
	<u>6,286,655</u>	<u>8,365,941</u>
	<u>1,314,467</u>	<u>2,329,120</u>
	<u>8,302,685</u>	<u>16,191,638</u>
	<u>18,353,807</u>	<u>28,386,699</u>

Financial liabilities**At amortized cost**

Deposits, accrued liabilities and advances

Trade and other payables

Accrued markup

Loan from banking companies

Loan from related party

2023
Rupees2022
Rupees

958,309

1,741,069

3,012,264

2,741,606

55,016

383,166

-

-

4,009,174

31,259,174

8,034,763

36,125,015



32 LIQUID CAPITAL BALANCE

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

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets							
1.1	Property & Equipment	Balance Sheet Value net of depreciation	100% of net value	Nil	166,427	166,427	-
1.2	Intangible Assets	Balance Sheet Value net of amortization	100% of net value	Nil	5,996,874	5,996,874	-
1.3	Investment in Govt. securities	Balance Sheet Value	Difference between book value and sale value on the date on the basis of PKRV published by NIFT	Sale value on the date on the basis of PKRV published by NIFT	-	-	-
1.4	Investment in debt securities	Balance Sheet Value net of any provision	If listed than i. 5% of the balance sheet value in the case of tenure up to 1 year ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years iii. 10% of the balance sheet value, in the case of tenure of more than 3 years. If unlisted than i. 10% of the balance sheet value in the case of tenure up to 1 year ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	Net amount after deducting provisions and haircuts	-	-	-
1.5	Investment in equity securities	Balance Sheet Value net of any provision	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher.	Net amount after deducting provisions and haircuts	58,154,573	25,652,087	32,502,486
			Provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	Nil	23,953,920	23,953,920	-
			ii. If unlisted, 100% of carrying value	-	-	-	-
1.6	Investment in subsidiaries	Balance Sheet Value net of any provision	100% of net value	Nil	-	-	-
1.7	Investment in associated companies/u ndertaking	Balance Sheet Value net of any provision	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.	Net amount after deducting provisions and haircuts	-	-	-
1.8	Statutory or regulatory deposits/ basic deposits with exchanges, clearing house or central depository or any other entity	Balance Sheet Value	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.	Nil, or any excess cash amount.	2,450,000	2,450,000	-
1.9	Margin deposits with exchange and clearing house	Balance Sheet Value	Nil	Balance Sheet Value	814,467	-	814,467
1.10	Deposit with authorized intermediary against borrowed securities under SLB	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1.11	Other deposits and prepayments	Balance Sheet Value	100% of carrying value	Nil	500,000	500,000	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	Balance Sheet Value	Nil 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	Balance Sheet Value	25,849	-	25,849
1.13	Dividends receivables	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1.14	Amount receivable against Repo financing	Balance Sheet Value	Amount paid as purchaser under the REPO agreement. Securities purchased under repo arrangement shall not be included in the investments	Balance Sheet Value	-	-	-
1.15	Advances and Receivables other than trade receivables	Balance Sheet Value	1. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months 2. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation 3. In all other cases, 100% of net value	Adjusted Value	-	-	-
1.16	Receivables from clearing house or securities exchange(s)	Balance Sheet Value	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains	Lower of net balance sheet value or value determined through adjustments	1,257,547	-	1,257,547
	Receivables from customers	Balance Sheet Value net of provisions	i. In case receivables are against margin financing, the aggregate of (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	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	ii. In case receivables are against margin trading, 5% of the net balance sheet value	ii. Net amount after deducting haircut	-	5%	-
	Receivables from customers	Balance Sheet Value net of provisions	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	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	iv. Balance sheet value	366,282	-	366,282

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	Receivables from customers	Balance Sheet Value net of provisions	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.	v. Lower of net balance sheet value or value determined through adjustments	4,642,962	-	4,642,962
	Receivables from related parties	Balance Sheet Value net of provisions	vi. In the case of amount of receivable 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;	vi. [Lower of net balance sheet values or values determined through adjustments.]	-		
			b. Above 30 days but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher,		-	50%	-
			c. Above 90 days, 100% haircut shall be applicable		19,864	100%	-
1.18	Cash and bank Balances	i. Bank balance – Proprietary accounts	Nil	Balance sheet value	5,901,645	-	5,901,645
		ii. Bank balance – Customer accounts	Nil	Balance sheet value	2,401,040	-	2,401,040
		iii. Cash in hand	Nil	Balance sheet value	-	-	-
1.19	Subscription money against investment in IPO/ offer for sale (asset)	Balance Sheet Value	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 investments 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.	Balance sheet value or Net value after deducting haircuts.	-	-	-
1.20	Total Assets	Balance Sheet Value		Adjusted Value	106,651,450		47,912,278

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities							
2.1	Trade payables	i. Payable to exchanges and clearing house	Nil	Balance sheet value	-	-	-
		ii. Payable against leveraged market products			-	-	-
		iii. Payable to customers			2,972,307	-	2,972,307
2.2	Current Liabilities	i. Statutory and regulatory dues	Nil	Balance sheet value	1,109,304	-	1,109,304
		ii. Accruals and other payables			998,266	-	998,266
		iii. Short-term borrowings			4,009,174	-	4,009,174
		iv. current portion of subordinated loans			-	-	-
		vi. Deferred liabilities			-	-	-
		vii. Provision for Taxation			2,028,396	-	2,028,396
		viii. other liabilities as per accounting principles and included in the financial statements			55,016	-	55,016
2.3	Non-current liabilities	i. Long-term financing	1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. 2. Nil in all other cases	Nil or Balance sheet Value as the case may be	-	-	-
		ii. Staff retirement			3,128,052	-	3,128,052
		iii. other liabilities as per accounting principles and included in the financial statements			-	-	-
2.4	Subordinated Loans	Balance Sheet Value	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	Net value after deducting adjustments, [if any.]	-	-	-
2.5	Advance against shares for increase in capital of securities broker	Balance Sheet Value	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 (e) Auditor is satisfied that such advance is against the increase of capital.	Net amount after deducting haircuts	-	-	-
2.6	Total Liabilities	Balance Sheet Value		Adjusted Value	14,300,515		14,300,515

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities relating to							
3.1	Concentration in margin financing	Nil	The amount calculated [on] 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 included in the ranking liabilities.	Amount as determined through adjustment	-	-	-
3.2	Concentration in securities lending and borrowing	Nil	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.]	Amount as determined through adjustment	-	-	-
3.3	Net underwriting Commitments	Nil	<u>(a) in the case of rights issue:</u> 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 commitment exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment <u>(b) in any other case:</u> 12.5 % of the net underwriting commitments	Amount as determined through adjustment	-	-	-
3.4	Negative equity of subsidiary	Nil	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	Amount as determined through adjustment	-	-	-
3.5	Foreign exchange agreements and foreign currency positions	Nil	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	Amount as determined through adjustment	-	-	-
3.6	Amount payable under REPO	Balance sheet value	Carrying value	Carrying value	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.7	Repo adjustment	Nil	In the case of financier/ purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of finance/ 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	Amount as determined through adjustment	-	-	-
3.8	Concentrated proprietary positions	Nil	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 value of a security exceeds 51% of the proprietary position, then 10% of the value of such security.	Amount as determined through adjustment	-	3,724,700	3,724,700
3.9	Opening Positions in futures and options	Nil	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	Amount as determined through adjustment	-	-	-
3.10	Short sell positions	Nil	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 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	Amount as determined through adjustment	-	-	-
3.11	Total Ranking Liabilities			Total determined amount	-		3,724,700
					92,350,935		29,887,063
							29,887,063

Liquid Balance Balance

33 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.

34 GENERAL

Figures have been rounded off to the nearest rupee.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 30 OCT 2023 by the Board of Directors of the Company.

DIRECTOR


A circular stamp of AMER SECURITIES (PVT) LTD. is visible, with the text "C009 347" inside. A handwritten checkmark is above the stamp.


DIRECTOR