AMER SECURITIES (PVT) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	Dec 2023 Rupees	June 2023 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	196,627	166,427
Intangible assets	5	5,996,874	5,996,874
Long term investments	6	10,666	10,666
Long term deposits	7	100,000	2,450,000
		6,304,167	8,623,967
CURRENT ASSETS			
Trade debts	8	1,160,378,697	6,286,655
Investment at fair value through profit or loss	9	68,748,490	82,097,827
Trade deposits, short term prepayments and current account balance with statutory authorities	10	285,347	1,314,467
Accrued interest		-	25,849
Cash and bank balances	11	52,286,444	8,302,685
		1,281,698,978	98,027,483
		1,288,003,145	106,651,450
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	75,000,000	75,000,000
Revenue reserve			
Un-appropriated profit		11,276,571	17,350,935
Capital reserve			
Fair value adjustment reserve	13	-	-
		86,276,571	92,350,935
NON CURRENT LIABILITIES			
Deferred taxation	14	-	-
Deferred liabilities - gratuity	15	3,128,052	3,128,052
		3,128,052	3,128,052
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	16	1,199,311	958,309
Trade and other payables	17	1,195,341,649	4,121,568
Accrued markup		29,167	55,016
Loan from banking companies	18	-	-
Loan from related party	19	-	4,009,174
Provision for taxation		2,028,396	2,028,396
		1,198,598,522	11,172,463
CONTINGENCIES AND COMMITMENTS	20		
		1,288,003,145	106,651,450

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

AMER SECURITIES (PVT) LTD. Code 341

AMER SECURITIES (PVT) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Dec 2023 Rupees	June 2023 Rupees
Brokerage and commission	21	2,442,005	1,954,050
Capital loss on investment in listed securities		-	(15,406,343)
Capital gain on investment in unquoted shares		-	-
		2,442,005	(13,452,293)
Direct cost	22	(481,564)	(536,631)
		1,960,441	(13,988,924)
Operating expenses	23	(3,112,493)	(6,818,665)
Other operating expenses	24	(5,542,734)	(610,411)
Other income	25	709,973	16,817,093
		(7,945,254)	9,388,017
LOSS FROM OPERATIONS		(5,984,813)	(4,600,906)
Finance cost	26	(89,551)	(420,284)
LOSS BEFORE TAXATION		(6,074,364)	(5,021,190)
Taxation	27	-	(1,509,471)
LOSS FOR THE YEAR		(6,074,364)	(6,530,661)
EARNINGS PER SHARE-BASIC AND DILUTED	28	(100.16)	(107.69)

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

AMER SECURITIES (PVT) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Dec 2023 Rupees	June 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(6,074,364)	(5,021,190)
Adjustments of items not involving movements of cash:			
Depreciation	4	32,869	32,869
Amortization	5.2	17,400	17,400
Finance cost	26	89,551	409,416
Provision for gratuity		-	511,410
Capital loss on investment in listed securities		-	15,406,343
Capital loss/(gain) on investment in unquoted shares		-	934
Provision/(reversal) of provision for doubtful debts		-	583,394
(Gain)/loss on remeasurement of investment at fair value	9	-	(3,914,574)
		139,820	13,047,192
Operating cash flows before working capital changes		(5,934,544)	8,026,002
(Increase) / Decrease in working capital			
(Increase) / decrease in current assets			
Trade debts		(1,154,092,042)	1,495,892
Accrued interest		-	(25,849)
Trade deposits and short term prepayments		1,029,120	1,014,653
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		241,002	(782,760)
Trade and other payables		1,191,220,081	(43,635)
		38,398,161	1,658,301
Cash generated from operations		32,463,617	9,684,303
Taxes paid		(24,420)	(1,361,253)
Finance cost paid		(115,400)	(737,566)
		(139,820)	(2,098,819)
Net cash flows from operating activities		32,323,797	7,585,484
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(30,200)	-
Long term advances - refunded		-	-
Investment at fair value through profit or loss - net		13,349,337	(27,274,436)
Proceeds from sale of unqouted shares		-	-
Net cash (used in)/generated from investing activities		13,319,137	(27,274,436)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares - net		-	40,000,000
Deposits with Pakistan Stock Exchange Limited		2,350,000	(950,000)
Repayment of loan from related party - net		(4,009,174)	(27,250,000)
Net Cash Flows From Financing Activities		(1,659,174)	11,800,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		43,983,759	(7,888,952)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,302,685	16,191,638
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	52,286,444	8,302,686
A Cash and Cash Equivalents			
Cash and bank balances	11	52,286,444	8,302,685
Loan from banking companies	18	-	-
		52,286,444	8,302,685

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

AMER SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 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.