

Independent Auditor's Report to the members of HABIB ULLAH SHEIKH (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

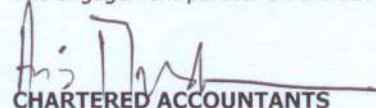
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at June 30, 2022.

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



CHARTERED ACCOUNTANTS

Lahore: 06 OCT 2022

UDIN: AR202210082i4gyFsv3q

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	707,855	1,759,224
Intangible assets	5	15,258,418	15,258,418
Long term investment	6	18,291	18,111,704
Long term deposits	7	8,000,000	400,000
		<u>23,984,564</u>	<u>35,529,346</u>
CURRENT ASSETS			
Account receivables	8	-	154,616
Investment at fair value through profit or loss	9	9,937,469	8,765,000
Other receivables		485,156	-
Trade deposits, short term prepayments and current account balance with statutory authorities	10	1,563,429	3,543,204
Cash and bank balances	11	11,929,773	8,573,977
		<u>23,915,827</u>	<u>21,036,797</u>
		<u>47,900,391</u>	<u>56,566,143</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	12	45,300,000	45,300,000
Revenue reserve			
Un-appropriated profit		2,099,332	7,076,874
Capital reserve			
Fair value adjustment reserve	13	(1,303)	1,150,451
		<u>47,398,029</u>	<u>53,527,325</u>
NON CURRENT LIABILITIES			
Deferred taxation	14	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	15	134,110	196,668
Trade and other payables	16	368,252	2,842,150
		<u>502,362</u>	<u>3,038,818</u>
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		<u>47,900,391</u>	<u>56,566,143</u>

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

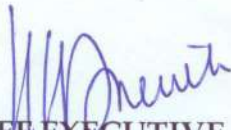
CHIEF EXECUTIVE

DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Brokerage and commission	18	208,167	-
Dividend income		1,721,296	1,153,283
Interest income		1,099,220	853,645
Capital gain on investment in listed securities		801,611	-
Capital loss on investment in unquoted shares		(4,296,659)	-
		(466,365)	2,006,928
Direct cost	19	(155,075)	(175,561)
		(621,440)	1,831,367
Operating expenses	20	(2,636,488)	(2,080,760)
Other expenses	21	(1,609,851)	(1,187,034)
Other operating income	22	185,418	70,805
		(4,060,921)	(3,196,989)
LOSS FROM OPERATIONS		(4,682,361)	(1,365,622)
Finance cost	23	(15,946)	(10,451)
LOSS BEFORE TAXATION		(4,698,307)	(1,376,073)
Taxation	24	(279,235)	(185,800)
LOSS FOR THE YEAR		(4,977,542)	(1,561,873)
EARNINGS PER SHARE - BASIC AND DILUTED	25	(109.88)	(34.48)

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


CHIEF EXECUTIVE


DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Loss for the year	(4,977,542)	(1,561,873)
Items that will not be reclassified subsequently to statement of profit or loss	-	-
Items that may be reclassified subsequently to statement of profit or loss		
Reserve reclassified on disposal of available for sale investment	(1,149,122)	
(Loss)/gain on remeasurement of investment at fair value through other comprehensive income	(2,632)	261,633
Other comprehensive (loss)/income for the year	(1,151,754)	261,633
Total comprehensive loss for the year	<u>(6,129,296)</u>	<u>(1,300,240)</u>

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


CHIEF EXECUTIVE


DIRECTOR

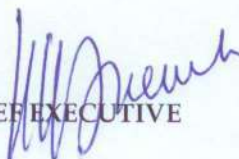
HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

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

Balance as at June 30, 2020	45,300,000	8,638,747	888,818	54,827,565
Loss for the year	-	(1,561,873)	-	(1,561,873)
Other comprehensive income	-	-	261,633	261,633
	-	(1,561,873)	261,633	(1,300,240)
Balance as at June 30, 2021	45,300,000	7,076,874	1,150,451	53,527,325
Loss for the year	-	(4,977,542)	-	(4,977,542)
Other comprehensive loss	-	-	(1,151,754)	(1,151,754)
	-	(4,977,542)	(1,151,754)	(6,129,296)
Balance as at June 30, 2022	45,300,000	2,099,332	(1,303)	47,398,029

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


 CHIEF EXECUTIVE


 DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(4,698,307)	(1,376,073)
Adjustments of items not involving movements of cash:			
Depreciation	4	149,277	328,940
Dividend income		(1,721,296)	(1,153,283)
Interest income		(1,099,220)	(853,645)
(Reversal)/provision for doubtful		168,819	(10,565)
Loss on sale of vehicle		2,092	-
Capital gain on investment in listed securities		(801,611)	-
Capital loss on investment in unquoted shares		4,296,659	-
Loss on remeasurement of investment at fair value		1,438,940	1,187,034
		<u>2,433,660</u>	<u>(501,519)</u>
Operating cash Flows Before Working capital changes		(2,264,647)	(1,877,592)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Account receivables		(14,203)	(320)
Other receivables		(485,156)	-
Trade deposits and short term prepayments		2,114,322	(500,000)
Loan and Advances		-	-
Investment at fair value through profit or loss		(1,809,798)	(9,952,034)
Increase / (decrease) in current liabilities			
Trade and other payables		(2,475,298)	(116,156)
Accrued expenses		(62,558)	3,579
		<u>(2,732,691)</u>	<u>(10,564,931)</u>
Cash Generated From Operations		(4,997,338)	(12,442,523)
Taxes paid		(412,382)	(313,014)
		<u>(412,382)</u>	<u>(313,014)</u>
Net cash Flows From Operating Activities		(5,409,720)	(12,755,537)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,099,220	853,645
Additions in intangible assets		-	(166,098)
Proceeds from sale of vehicle		900,000	-
Proceeds from sale of long term investments		12,645,000	-
Dividend income received		1,721,296	1,153,283
Net cash Flows From Investing Activities		8,765,516	1,840,830
CASH FLOWS FROM FINANCING ACTIVITIES			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,355,796	(10,914,707)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,573,977	19,488,684
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>11,929,773</u>	<u>8,573,977</u>
A Cash and Cash Equivalents			
Cash and bank balances	11	11,929,773	8,573,977
		<u>11,929,773</u>	<u>8,573,977</u>

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

CHIEF EXECUTIVE

DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 COMPANY AND ITS OPERATION

- 1.1** The company was incorporated as Private Limited Company on May 30, 2006 under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at Room # 213, 2nd Floor, Lahore Stock Exchange Building, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. The branch office of the company is located at Room # 207, 2nd Floor, Lahore Stock Exchange Building, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

The company is Trading Right Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited. The Principal activity of the Company is financial consultancy, brokerage, underwriting, portfolio management / acquisition of securities and securities research.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

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

Gain or loss on disposal of property and equipment, if any is taken to the statement of profit or loss.

3.2 INTANGIBLE ASSETS

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

3.2.1 Membership card and offices

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

3.2.2 Computer Software

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

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

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

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and 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 classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3.3.1 Held to Maturity

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

3.3.2 At fair value through profit or loss

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

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

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

3.3.3 Available-for-sale

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

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



3.3.4 Loans and Receivables

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

3.4 FINANCIAL LIABILITIES

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

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

3.6 TRADE DEBTS AND OTHER RECEIVABLES

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

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

3.7 CASH AND CASH EQUIVALENTS

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

3.8 BORROWINGS

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

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

3.9 TAXATION

Current

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

Deferred

Deferred tax is recognized using the 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.

3.10 TRADE AND OTHER PAYABLES

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

3.11 PROVISIONS

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

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

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

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

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

3.12 CONTINGENT LIABILITIES

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

3.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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

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

3.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

3.15 REVENUE RECOGNITION

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



- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the statement of profit or loss 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 statement of profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

3.16 BASIC AND DILUTED EARNINGS PER SHARE

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

3.17 RELATED PARTY TRANSACTIONS

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

3.18 TRADE DATE ACCOUNTING

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



4 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V As at June 30, 2022
	As at June 30, 2021	Additions	Deletion		As at June 30, 2021	Charge for the year	Deletion for the year	
OWNED								
Furniture and fittings	834,934	-	-	15	708,793	18,921	-	727,714
Vehicles	4,079,900	(1,700,000)	-	15	2,635,949	90,985	(797,908)	450,874
Office equipment	814,850	-	-	15	699,057	17,369	-	98,424
Computers	834,517	-	-	30	761,178	22,002	-	51,337
	6,564,201	(1,700,000)	-		4,804,977	149,277	(797,908)	707,855

4.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V	
	As at June 30, 2020	Additions	Deletion		As at June 30, 2021	Charge for the year	Deletion for the year	As at June 30, 2021	
OWNED									
Furniture and fittings	834,934	-	-	834,934	15	686,533	22,260	-	708,793
Vehicles	4,079,900	-	-	4,079,900	15	2,381,134	254,815	-	2,635,949
Office equipment	814,850	-	-	814,850	15	678,623	20,434	-	699,057
Computers	834,517	-	-	834,517	30	729,747	31,431	-	761,178
	6,564,201	-	-	6,564,201		4,476,037	328,940	-	4,804,977
									1,759,224

4.2 ALLOCATION OF DEPRECIATION

Note	2021 Rupees	2020 Rupees
Operating expenses	149,277	328,940
	149,277	328,940

	Note	2022 Rupees	2021 Rupees
5 INTANGIBLE ASSETS			
Trading right entitlement certificate	5.1	2,500,000	2,500,000
Rights of rooms	5.2	12,358,418	12,358,418
Membership in Royal Palm		400,000	400,000
		<u>15,258,418</u>	<u>15,258,418</u>

5.1 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. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business and to meet partly, the Base Minimum Capital Requirement. It is carried at cost less impairment.

5.2 This includes rights of room against room # 102 amounting Rs. 2,358,418. The company is in the process of finalization of lease deed against the said room with LSE Financial Services Limited. However, the control and related rights had been transferred to the company.

	Note	2022 Rupees	2021 Rupees
6 LONG TERM INVESTMENT			
Unquoted - Shares of LSE Financial Services Limited:	6	<u>18,291</u>	<u>18,111,704</u>
		<u>18,291</u>	<u>18,111,704</u>

6.1 Unquoted - Shares of LSE Financial Services Limited:

Available for sale

Cost

Opening balance

Disposal during the year

Addition during the year

16,961,253	16,961,253
(16,941,659)	-
-	-
19,594	16,961,253

Fair value reserve

Opening balance

Realized during the year

Unrealized (loss)/gain for the year

1,150,451	888,818
(1,149,122)	-
(2,632)	261,633
(1,303)	1,150,451

6.2	<u>18,291</u>	<u>18,111,704</u>
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6.2 This represents the investment in 975 (2021: 843,975) unquoted ordinary shares of M/s LSE Financial Services Limited. The Company, as per its policy, the valuation of the aforementioned investments have been made on the basis (technique) of Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate and growth rate. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

7 LONG TERM DEPOSITS	Note	2022 Rupees	2021 Rupees
Deposits with:			
National Clearing Company of Pakistan Limited	7.1	-	400,000
Pakistan Stock Exchange Limited	7.1	8,000,000	-
		<u>8,000,000</u>	<u>400,000</u>
7.1 This represents deposit with Pakistan Stock Exchange Limited against Base Minimum Capital Requirement in respect of trade in securities market.			
8 TRADE DEBTS	Note	2022 Rupees	2021 Rupees
Receivable from:			
Clients on account of purchase of shares		210,423	201,084
Less: Balances written off		(22,582)	(4,864)
		187,841	196,220
Less: Provision for doubtful debts	8.1	<u>(187,841)</u>	<u>(41,604)</u>
	8.2	<u>-</u>	<u>154,616</u>
8.1 Movement is as follows			
Opening balance		41,604	57,033
(Reversal)/ provision made during the year		168,819	(10,565)
Less: Balances written off		<u>(22,582)</u>	<u>(4,864)</u>
		<u>187,841</u>	<u>41,604</u>
8.2 Aging Analysis			
Upto five days		-	-
More than five days		-	154,616
		<u>-</u>	<u>154,616</u>
9 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS			
Investment in listed securities	9.1	<u>9,937,469</u>	<u>8,765,000</u>
9.1 Investment in listed companies			
Carrying value		11,376,409	9,952,034
Loss on remeasurement of fair value of investment as at June 30,		<u>(1,438,940)</u>	<u>(1,187,034)</u>
		<u>9,937,469</u>	<u>8,765,000</u>
10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Limited		-	2,200,000
EClear Services Limited		85,678	-
Tax deducted at source		<u>1,477,751</u>	<u>1,343,204</u>
		<u>1,563,429</u>	<u>3,543,204</u>

11 CASH AND BANK BALANCES	Note	2022 Rupees	2021 Rupees
These were held as under:			
Cash in hand		6,141	2,047
Cash at bank			
Current accounts			
Pertaining to brokerage house		117,158	636,958
Pertaining to clients		85,544	49,899
		202,702	686,857
Deposit accounts			
Pertaining to brokerage house	11.1	11,412,781	5,123,343
Pertaining to clients	11.1	308,149	2,761,730
		11,720,930	7,885,073
		11,923,632	8,571,930
		11,929,773	8,573,977

11.1 These carry markup ranging from @ 4.43% to 5.00% (2021: @ 5.51%) per annum.

12 SHARE CAPITAL	Note	2022 Rupees	2021 Rupees
Authorized			
100,000 (2021: 100,000) ordinary shares of Rs.1,000 each		100,000,000	100,000,000
Issued, subscribed and paid up			
45,300 (2021: 45,300) ordinary shares of Rs.1,000 each fully paid in cash		45,300,000	45,300,000

% age of Shares Held		Number of Shares Held	
2022	2021	2022	2021

12.1 Categories of shareholders

Individuals

Chief Executive

Mr. Habib Ullah Sheikh	99.83%	99.83%	45,225	45,225
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Directors

Mrs. Rabia Habib	0.06%	0.06%	25	25
Mr. Wali Ullah Habib	0.11%	0.11%	50	50

100%	100%	45,300	45,300
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13 FAIR VALUE ADJUSTMENT RESERVE

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

14 DEFERRED TAXATION	Note	2022 Rupees	2021 Rupees
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		17,588	35,841
Provision for doubtful debts		(54,474)	9,014
Brought forward losses		(1,786,094)	(1,483,888)
Loss on long term investment		(378)	-
Capital loss on short term investment		(140,134)	-
Loss on short term investment - net		(215,841)	-
Minimum tax		(125,265)	(121,288)
		<u>(2,304,598)</u>	<u>(1,560,321)</u>

Balance as at July 01,

Add: Charge/(reversal) for the year

-	-
-	-
-	-

14.1 At the year end, net deductible temporary differences, taxable losses and minimum tax credits resulted in a net deferred tax asset of Rs. 2,304,598 (2021: Rs.1,560,321). 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, 2023.

14.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum taxes (Rupees)	Accounting year in which minimum tax will expire
2018	34,674	2023
2019	46,795	2024
2020	27,011	2025
2022	16,785	2027

14.3 Business losses would expire as follows:

Accounting year to which business loss relates	Amount of business losses (Rupees)	Accounting year in which business loss will expire
2018	1,012,545	2024
2019	2,721,811	2025
2020	464,359	2026
2021	726	2027
2022	1,091,274	2028

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

Accounting year to which depreciation loss relates	Amount of depreciation losses (Rupees)	Accounting year in which depreciation loss will expire
2018	197,645	No expiry limit
2019	351,881	No expiry limit
2020	279,760	No expiry limit
2021	38,944	No expiry limit

14.5 Capital losses would expire as follows:

Accounting year to which capital losses relates	Amount of capital losses (Rupees)	Accounting year in which capital losses will expire
2020	850,272	2023
2022	83,956	2025



15	DEPOSITS, ACCRUED LIABILITIES AND ADVANCES	Note	2022 Rupees	2021 Rupees
	Accrued expenses		134,110	196,668
16	TRADE AND OTHER PAYABLES			
	Creditors for sale of shares on behalf of clients	16.2	334,779	2,810,077
	Other payable		31,910	31,910
	Tax deducted at source		1,563	163
			368,252	2,842,150

16.1 The total value of securities pertaining to clients is Rs. Nil (2021: Rs. 10,805,208) held in sub-accounts of the company. No security is pledged by client to the financial institutions and National Clearing Company of Pakistan.

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

Name of related party	Basis of relationship	2022 Rupees	2021 Rupees
Mr. Habib Ullah Sheikh	Director	-	109,039
Mr. Wali Ullah Sheikh	Director	-	17,650
		-	126,689

17 CONTINGENCIES AND COMMITMENTS

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

18	BROKERAGE AND COMMISSION	Note	2022 Rupees	2021 Rupees
	Brokerage and commission - gross		241,474	-
	Less: Sales tax		(33,307)	-
			208,167	-

19 DIRECT COST

Charges paid to:

Pakistan Stock Exchange Limited	8,572	580
National Clearing Company of Pakistan Limited	49,977	91,073
EClear Services Limited	11,834	-
Central Depository Company Limited	83,132	83,818
SECP fee	1,560	90
	155,075	175,561

10

20 OPERATING EXPENSES	Note	2022 Rupees	2021 Rupees
Director's remuneration		350,000	-
Staff salaries and benefits		605,000	890,500
Rent, rates and taxes		60,414	43,030
Communication expenses		247,115	210,654
Utility charges		205,686	47,067
Postage and courier charges		41,445	16,533
Printing and stationery		18,391	14,525
Repair and maintenance		273,154	99,456
Insurance		7,681	2,753
Legal and professional charges	20.1	125,100	139,426
Fee and subscription		128,430	124,365
Computer software maintenance		207,372	72,807
Books and newspapers		525	3,000
Entertainment		129,028	31,417
Travelling and conveyance		14,520	44,650
Depreciation	4.2	149,277	328,940
Miscellaneous		73,350	11,637
		<u>2,636,488</u>	<u>2,080,760</u>

20.1 Auditor's remuneration

This includes statutory audit fee and other certification charges as detailed below:

Amin, Mudassar & Co. , Chartered Accountants	Note	2022 Rupees	2021 Rupees
Statutory audit		75,600	75,600
Certification fee for regulatory purposes		32,000	19,950
		<u>107,600</u>	<u>95,550</u>

21 OTHER EXPENSES

Loss on remeasurement of investment at fair value		1,438,940	1,187,034
Loss on sale of vehicle		2,092	-
Provision for doubtful debts		168,819	-
		<u>1,609,851</u>	<u>1,187,034</u>

22 OTHER INCOME

Income from assets other than financial assets

Rental income	22.1	150,000	60,000
Other income		35,418	240
Reversal of provision for doubtful debts		-	10,565
		<u>185,418</u>	<u>70,805</u>

22.1 This represents rental income received from New Pak Surgical (an associated undertaking due to common management of Chief Executive of the company).

23 FINANCE COST	Note	2022 Rupees	2021 Rupees
Bank charges		<u>15,946</u>	<u>10,451</u>
24 TAXATION			
Income tax:			
-Current		292,043	199,720
-Prior year		(12,808)	(13,920)
-Deferred		-	-
		<u>279,235</u>	<u>185,800</u>

- 24.1 Income tax assessment of the Company has been finalized up to tax year 2021 on the basis of returns filed as the company did not receive any notice in this respect from Tax Authorities.
- 24.2 No numeric tax rate reconciliation is presented for the current and prior year in these financial statements as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance, 2001.

25 EARNINGS PER SHARE- BASIC AND DILUTED	2022 Rupees	2021 Rupees
Loss for the year-Rupees	(4,977,542)	(1,561,873)
Weighted average number of ordinary shares outstanding during the year-Numbers	45,300	45,300
Earnings per share-Rupees	(109.88)	(34.48)
26 NUMBER OF EMPLOYEES	2022 (N u m b e r)	2021
Total number of employees at the end of year	4	4
Average number of employees at the year end	4	4

27 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Managerial remuneration	-	-	350,000	-
Number of persons	1	1	1	1

The Chief Executive and director are entitled to free use of cars according to the company policy.

No employee meets the definition of Executive as per Companies Act, 2017.

28 FINANCIAL INSTRUMENTS BY CATEGORY

	2022 Rupees	2021 Rupees
Financial assets and financial liabilities		
Financial assets		
Available for sale		
Long term investment	18,291	18,111,704
At fair value through profit or loss:		
Investment at fair value through profit or loss	9,837,469	8,765,000
Loans and receivables		
Long term deposits	8,000,000	400,000
Trade debts	-	154,616
Other receivables	485,156	-
Trade deposits	85,678	2,200,000
Cash and bank balances	11,929,773	8,573,977
	20,500,607	11,328,593
Financial liabilities		
At amortized cost		
Deposits, Accrued Liabilities and Advances	134,110	196,668
Trade and other payables	368,252	2,842,150
	502,362	3,038,818

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.

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 06 OCT 2022 by the Board of Directors of the Company.


CHIEF EXECUTIVE


DIRECTOR