HABIB ULLAH SHEIKH (PVT) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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** (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 profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and 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 where applicable at the date on which the financial statements were prepared.

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

CHARTERED ACCOUNTANTS

Lahore: 20 OCT 2023

AR202310082NnpC2AKow

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	210,733	707,855
Intangible assets	5	12,500,000	15,258,418
Long term investment	6	8,757	18,291
Long term deposits	7	8,000,000	8,000,000
		20,719,490	23,984,564
CURRENT ASSETS			
Account receivables	8	-	-
Short term investments	9	22,316,973	9,937,469
Other receivables		493,849	485,156
Markup receivable		815,231	-
Trade deposits, short term prepayments and current account balance with statutory authorities	10	1,844,701	1,563,429
Cash and bank balances	11	3,900,998	11,929,773
		29,371,752	23,915,827
		50,091,242	47,900,391
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	12	45,300,000	45,300,000
Revenue reserve			
Un-appropriated profit		4,229,413	2,099,332
Capital reserve			
Fair value adjustment reserve	13	-	(1,303)
		49,529,413	47,398,029
NON CURRENT LIABILITIES			
Deferred taxation	14	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	15	142,590	134,110
Trade and other payables	16	419,239	368,252
		561,829	502,362
CONTINGENCIES AND COMMITMENTS	17	-	-
		50,091,242	47,900,391

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, 2023

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	18	298,098	208,167
Dividend income		257,400	1,721,296
Interest income		5,401,021	1,099,220
Capital gain on investment in listed securities		332,662	801,611
Capital loss on investment in unquoted shares		-	(4,296,659)
		6,289,181	(466,365)
Direct cost	19	(85,354)	(155,075)
		6,203,827	(621,440)
Operating expenses	20	(3,846,453)	(2,636,488)
Other operating expenses	21	(605,909)	(1,609,851)
Other income	22	854,886	185,418
		(3,597,476)	(4,060,921)
PROFIT/(LOSS) FROM OPERATIONS		2,606,351	(4,682,361)
Finance cost	23	(18,496)	(15,946)
PROFIT/(LOSS) BEFORE TAXATION		2,587,855	(4,698,307)
Taxation	24	(457,774)	(279,235)
PROFIT/(LOSS) FOR THE YEAR		2,130,081	(4,977,542)
EARNINGS PER SHARE - BASIC AND DILUTED	25	47.02	(109.88)

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, 2023

	2023 Rupees	2022 Rupees
(Profit)/loss for the year	2,130,081	(4,977,542)
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 long term investment	-	(1,149,122)
Loss on remeasurement of long term investment	-	(2,632)
Reversal of accumulated loss on reclassification	1,303	-
Other comprehensive income/(loss) for the year	1,303	(1,151,754)
Total comprehensive income/(loss) for the year	2,131,384	(6,129,296)

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, 2023

	Paid up share capital	Un-appropriated profit	Fair value adjustment reserve	Total
	---------- (R	u p	e e	s) ---------
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
Profit for the year	-	2,130,081	-	2,130,081
Other comprehensive income	-	-	1,303	1,303
	-	2,130,081	1,303	2,131,384
Balance as at June 30, 2023	45,300,000	4,229,413	-	49,529,413

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, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		2,587,855	(4,698,307)
Adjustments of items not involving movements of cash:			
Depreciation	4	60,426	149,277
Dividend income		(257,400)	(1,721,296)
Interest income		(5,401,021)	(1,099,220)
Provision for doubtful		-	168,819
Gain on sale of vehicles		(622,304)	-
Loss on sale of vehicle		-	2,092
Gain on right of room		(141,582)	-
Capital gain on long term		(335,660)	(801,611)
Capital loss on long term		2,998	-
Capital loss on investment in unquoted shares		-	4,296,659
Loss on remeasurement of long term investment		5,752	-
Balances written off		400,000	-
Loss on remeasurement of short term investments		148,400	1,438,940
		(6,140,391)	2,433,660
Operating Cash Flows Before Working capital changes		(3,552,536)	(2,264,647)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Account receivables		-	(14,203)
Other recievables		(8,693)	(485,156)
Trade deposits and short term prepayments		42,744	2,114,322
Investment at fair value through profit or loss		(12,527,904)	(1,809,798)
Increase / (decrease) in current liabilities			
Trade and other payables		50,987	(2,475,298)
Accrued expenses		8,480	(62,558)
		(12,434,386)	(2,732,691)
Cash Used in Operations		(15,986,922)	(4,997,338)
Taxes paid		(781,791)	(412,382)
		(781,791)	(412,382)
Net Cash Used in Operating Activities		(16,768,713)	(5,409,720)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,585,790	1,099,220
Long term deposits		-	(7,600,000)
Proceeds against disposal of intangible asset		2,500,000	-
Proceeds against sale of vehicle		1,059,000	900,000
Proceeds from sale of long term investments		2,087	12,645,000
Investment at fair value through profit or loss-net		12,527,904	-
Proceeds from sale of short term investments		(12,192,244)	-
Dividend income received		257,400	1,721,296
Net Cash Flows From Investing Activities		8,739,937	8,765,516
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET (DECREASE) /INCREASE IN CASH AND CASH EQUIVALENTS		(8,028,776)	3,355,796
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		11,929,773	8,573,977
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	3,900,998	11,929,773
A Cash and Cash Equivalents			
Cash and bank balances	11	3,900,998	11,929,773
		3,900,998	11,929,773

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

CHIEF EXECUTIVE **DIRECTOR**

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 (now the Companies Act, 2017). 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 loacated 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
- 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 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 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 balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

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

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

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

3.11 **TRADE AND OTHER PAYABLES**

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

3.12 **PROVISIONS**

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

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

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

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

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

3.13 **CONTINGENT LIABILITIES**

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

3.14 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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

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

3.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

3.16 REVENUE RECOGNITION

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

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

3.17 BASIC AND DILUTED EARNINGS PER SHARE

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

3.18 RELATED PARTY TRANSACTIONS

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

3.19 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	Deletion	As at June 30, 2023	Rate %	As at June 30, 2022	Charge for the year	Deletion for the year	As at June 30, 2023	As at June 30, 2023
	-Rupees-					-Rupees-				
OWNED										
Furniture and fittings	834,934		-	834,934	15	727,714	16,083	-	743,797	91,137
Vehicles	2,379,900	-	(2,379,900)	-	15	1,929,026	14,178	(1,943,204)	-	-
Office equipment	814,850	-	-	814,850	15	716,426	14,764	-	731,190	83,660
Computers	834,517	-	-	834,517	30	783,180	15,401	-	798,581	35,936
	4,864,201	-	(2,379,900)	2,484,301		4,156,346	60,426	(1,943,204)	2,273,568	210,733

4.1 PROPERTY AND EQUIPMENT

Particulars	Cost				Depreciation					W.D.V
	As at June 30, 2021	Additions	Deletion	As at June 30, 2022	Rate %	As at June 30, 2021	Charge for the year	Deletion for the year	As at June 30, 2022	As at June 30, 2022
	-Rupees-					-Rupees-				
OWNED										
Furniture and fittings	834,934	-	-	834,934	15	708,793	18,921	-	727,714	107,220
Vehicles	4,079,900	(1,700,000)	-	2,379,900	15	2,635,949	90,985	(797,908)	1,929,026	450,874
Office equipment	814,850	-	-	814,850	15	699,057	17,369	-	716,426	98,424
Computers	834,517	-	-	834,517	30	761,178	22,002	-	783,180	51,337
	6,564,201	(1,700,000)	-	4,864,201		4,804,977	149,277	(797,908)	4,156,346	707,855

4.2 ALLOCATION OF DEPRECIATION

	Note	2023 Rupees	2022 Rupees
Operating expenses		60,426	149,277
		60,426	149,277

	Note	2023 Rupees	2022 Rupees
5 INTANGIBLE ASSETS			
Trading right entitlement certificate	5.1	2,500,000	2,500,000
Rights of rooms		10,000,000	12,358,418
Membership in Royal Palm		-	400,000
		12,500,000	15,258,418

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. This is carried at cost less accumulated impairment.

	Note	2023 Rupees	2022 Rupees
6 LONG TERM INVESTMENT			
Quoted - Shares of LSE Ventures Limited and LSE Proptech Limited			
(Previously un-quoted shares of LSE Financial Services Limited)			
Quoted - Shares of LSE Ventures Limited and LSE Proptech Limited	6	8,757	18,291
		-	-
		8,757	18,291

6.1 Quoted - Shares of LSE Ventures Limited and LSE Proptech Limited

Available for sale

	Note	2023	2022
Cost			
Opening balance		19,594	16,961,253
Disposal during the year		(5,085)	(16,941,659)
Addition during the year		-	-
		14,509	19,594
Fair value reserve			
Opening balance		(1,303)	1,150,451
Realized during the year		-	(1,149,122)
Acumulatd reserve transferred to profit or loss		1,303	
Unrealized loss for the year		5,752	(2,632)
		5,752	(1,303)
	6.2	8,757	18,291

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

	No. of shares	Value Rupees
Shares of LSE Proptech Limited	341	1,640
Less: Sold during the year	(341)	(1,640)
	-	-
Shares of LSE Venture Limited	973	8,757
	973	8,757

	Note	2023 Rupees	2022 Rupees
7 LONG TERM DEPOSITS			
Deposits with:			
Pakistan Stock Exchange Limited	7.1	8,000,000	8,000,000
		8,000,000	8,000,000

7.1 This represents deposit with Pakistan Stock Exchange Limited against Base Minimum Capital Requirement in respect of trade in securities market. This carries markup ranging from 13% to 19%.

		Note	2023 Rupees	2022 Rupees
8	**TRADE DEBTS**			
	Receivable from:			
	Clients on account of purchase of shares		-	210,423
	Less: Balances written off		-	(22,582)
			-	187,841
	Less: Provision for doubtful debts	8.1	-	(187,841)
		8.2	-	-
8.1	Movement is as follows			
	Opening balance		187,841	41,604
	(Reversal)/provision made during the year		-	168,819
	Less: Balances written off		(187,841)	(22,582)
			-	187,841
9	**SHORT TERM INVESTMENTS**			
	AT FAIR VALUE THROUGH PROFIT OR LOSS			
	Investment in listed securities	9.1	432,200	9,937,469
	AT AMORTISED COST			
	Market Treasury Bills (CDC IPS Account)		21,884,773	-
			22,316,973	9,937,469
9.1	**Investment in listed securities**			
	Cost		580,600	11,376,409
	Loss on remeasurement of fair value of investment as at June 30,		(148,400)	(1,438,940)
		9.2	432,200	9,937,469

9.2 This includes shares having value of Rs. 432,200 pledged with National Clearing Company of Pakistan Limited.

		Note	2023 Rupees	2022 Rupees
10	**TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES**			
	Deposits with:			
	EClear Services Limited		42,934	85,678
	Tax deducted at source		1,801,767	1,477,751
			1,844,701	1,563,429
11	**CASH AND BANK BALANCES**			
	These were held as under:			
	Cash in hand		3,012	6,141
	Cash at bank			
	Current accounts			
	Pertaining to brokerage house		206,476	117,158
	Pertaining to clients		40,491	85,544
			246,967	202,702
	Deposit accounts			
	Pertaining to brokerage house	11.1	3,303,626	11,412,781
	Pertaining to clients	11.1	347,393	308,149
			3,651,019	11,720,930
			3,897,986	11,923,632
			3,900,998	11,929,773

11.1 These carry markup ranging from @ 15% to 18% (2021: @ 4.43% to 5.00%) per annum.

	Note	2023 Rupees	2022 Rupees
12 SHARE CAPITAL			
Authorized			
100,000 (2022: 100,000) ordinary shares of Rs.1,000 each		100,000,000	100,000,000
Issued, subscribed and paid up			
45,300 (2022: 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	
	2023	2022	2023	2022
12.1 Categories of shareholders				
Individuals				
Chief Executive				
Mr. Habib Ullah Sheikh	99.83%	99.83%	45,225	45,225
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

13 FAIR VALUE ADJUSTMENT RESERVE

	2023	2022
Fair value adjustment reserve	-	(1,303)

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

14 DEFERRED TAXATION	Note	2023 Rupees	2022 Rupees
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		8,077	17,588
Provision for doubtful debts		-	(54,474)
Brought forward losses		(1,064,998)	(1,786,094)
Unrealised gain/(loss) on long term investment		719	(378)
Capital loss on short term investments		(229,697)	(140,134)
Unrealised loss on short term investment		(22,260)	(215,841)
Minimum taxes paid		(158,295)	(125,265)
Alternative taxes paid		(402,170)	-
		(1,868,624)	(2,304,598)
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.1.87 million (2022: Rs.2.30 million). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2024.

14.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Rupees	Accounting year in which minimum tax will expire
2019	46,795	2024
2020	27,011	2025
2023	84,489	2026

14.3 Alternative corporate taxes would expire as follows:

Accounting year to which alternative corporate taxes relates	Rupees	Accounting year in which alternative corporate taxes will expire
2023	402,170	2033

14.4 Business losses would expire as follows:

Accounting year to which business loss relates	Rupees	Accounting year in which business loss will expire
2019	1,247,815	2025
2020	464,359	2026
2021	726	2027
2022	1,091,275	2028

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

Accounting year to which depreciation loss relates	Rupees
2018	197,645
2019	351,881
2020	279,760
2022	38,944

14.6 Capital losses would expire as follows:

Accounting year to which capital losses relates	Rupees	Accounting year in which capital losses will expire
2022	83,956	2025
2023	1,447,358	2026

	Note	2023 Rupees	2022 Rupees
15 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		142,590	134,110
16 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients		334,779	334,779
Punjab workers welfare fund payable		51,757	-
Other payable		31,911	31,910
Tax deducted at source		792	1,563
		419,239	368,252

17 CONTJNGENCIES AND COMMITMENTS

17.1 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 8.00 million to Pakistan Stock Exchange (PSX) on behalf of the company to meet the Base Minimum Capital requirements.

17.2 Commitments as at reporting date were Rs. nil (2022: Rs. nil).

	Note	2023 Rupees	2022 Rupees
18 BROKERAGE AND COMMISSION			
Brokerage and commission - gross		345,793	241,474
Less: Sales tax		(47,696)	(33,307)
		298,098	208,167
19 DIRECT COST			
Charges paid to:			
Pakistan Stock Exchange Limited		3,110	8,572
National Clearing Company of Pakistan Limited		25,151	49,977
EClear Services Limited		10,684	11,834
Central Depository Company Limited		45,928	83,132
SECP fee		481	1,560
		85,354	155,075

20 OPERATING EXPENSES

	Note	2023 Rupees	2022 Rupees
Directors' remuneration		1,500,000	350,000
Staff salaries and benefits		934,500	605,000
Rent, rates and taxes		60,604	60,414
Communication expenses		127,862	247,115
Utility charges		188,425	205,686
Postage and courier charges		5,185	41,445
Printing and stationery		6,005	18,391
Repair and maintenance		252,860	273,154
Insurance		5,036	7,681
Legal and professional charges	20.1	234,526	125,100
Fee and subscription		147,970	128,430
Computer software maintenance		104,352	207,372
Books and newspapers		-	525
Entertainment		100,172	129,028
Travelling and conveyance		45,110	14,520
Depreciation	4.2	60,426	149,277
Miscellaneous		73,420	73,350
		3,846,453	2,636,488

20.1 Auditor's remuneration

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

Amin, Mudassar & Co. **Chartered Accountants**	Note	2023 Rupees	2022 Rupees
Statutory audit		80,000	75,600
Certification fee for regulatory purposes		11,000	32,000
		91,000	107,600

21 OTHER OPERATING EXPENSES

		2023	2022
Loss on remeasurement of short term investments		148,400	1,438,940
Loss on remeasurement of long term investments		5,752	-
Punjab workers welfare fund		51,757	-
Loss on sale of vehicle		-	2,092
Provision for doubtful debts		-	16,819
Balances written off		400,000	-
		605,909	1,457,851

22 OTHER INCOME

Income from assets other than financial assets	Note	2023	2022
Rental income	22.1	90,000	150,000
Other income		1,000	35,418
Gain on right of room		141,582	
Gain on sale of vehicles		622,304	-
		854,886	185,418

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	2023 Rupees	2022 Rupees
Bank charges		18,496	15,946

24 TAXATION

		2023	2022
Income tax:			
-Current		456,823	292,043
-Prior year		951	(12,808)
-Deferred		-	-
		457,774	279,235

24.1 No numeric tax rate reconciliation is presented for the current and previous year in these financial statements as the company was either liable to pay tax under final tax regime or alternative tax regime of the Income Tax Ordinance, 2001.

25 EARNINGS PER SHARE- BASIC AND DILUTED	2023 Rupees	2022 Rupees
Profit/(loss) for the year-Rupees	2,130,081	(4,977,542)
Weighted average number of ordinary shares outstanding during the year-Numbers	45,300	45,300
Earnings per share-Rupees	47.02	(109.88)

26 NUMBER OF EMPLOYEES	2023	2022
	(Number)	
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	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Managerial remuneration	750,000	-	750,000	350,000
Number of persons	1	1	1	1

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

28 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities	2023 Rupees	2022 Rupees
Financial assets		
Available for sale		
Long term investment	-	18,291
At fair value through profit or loss		
Long term investment	8,757	-
Short term investment	432,200	9,937,469
At amortised cost		
Short term investment	21,884,773	-
Long term deposits	8,000,000	8,000,000
Trade debts	-	-
Other receivables	493,849	485,156
Markup receivable	815,231	485,156
Trade deposits	42,934	85,678
Cash and bank balances	3,900,998	11,929,773
	35,578,742	30,941,523
Financial liabilities		
At amortized cost		
Deposits, accrued liabilities and advances	142,590	134,110
Trade and other payables	366,690	368,252
	509,280	502,362

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 20 OCT 2023 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR