

BRIDGE SECURITIES (PVT) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **BRIDGE SECURITIES (PVT) LIMITED**, which comprise the statement of financial position as at June 30, 2022, 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 profit, 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.

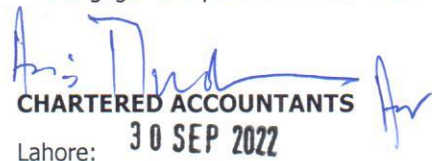
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the financial statements were prepared.

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


CHARTERED ACCOUNTANTS
Lahore: **30 SEP 2022**

UDIN: AR202210082IGyZgwSQ4



Bridge Securities (Pvt) Limited

TREC HOLDER: PAKISTAN STOCK EXCHANGE LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS 2022

The Board of Directors is delighted to present Annual report and the Financial Statements of the company for the year ended June 30, 2022.

OPERATING RESULTS

During the year under review, the Revenue Rs. 4,674,917 as compared to last year which was Rs. 4,297,421. The position of appropriation is follows:

	2022 RUPEES	2021 RUPEES
Profit before taxation	2,466,592	1,121,933
Provision for taxation		
For the year	578,790	266,205
Prior year		-
Deferred	183,455	(162,719)
Profit/(Loss) after taxation	1,704,347	1,018,447
Loss available for appropriation	-	-
Accumulated loss	(14,541,647)	(16,245,995)
Income tax paid	(411,842)	(167,331)
Earnings per share	3.65	2.18

ACKNOWLEDGEMENT

The Board places on record its appreciation of the support of our valued customers. I would like to highlight the hard work put in by the employees of the company.

We are confident they will continue to show more dedication in the days ahead.

Lahore

Dated: September 30, 2022



Chief Executive/Director

Bridge To Your Financial Aspirations

Room No. 214, Second Floor, Stock Exchange Building,

19-Khyaban-e-Aiwan-e-Iqbal, Lahore-54000

Tel: (042) 36280884, 36280885, 36280886

URL: www.bspl.com.pk, Email: bridgesecurities110@hotmail.com

BRIDGE SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	222,076	232,269
Intangible assets	5	4,760,000	4,760,000
Long term investments	6	15,832,971	18,111,704
Long term deposits	7	100,000	500,000
Long term advances		3,628,500	-
Deferred taxation	15	-	162,719
		24,543,547	23,766,692
CURRENT ASSETS			
Trade debts	8	-	1,683,582
Loans and advances	9	915,000	24,000
Trade deposits, short term prepayments and current account balance with statutory authorities	10	9,346,187	5,096,724
Markup accrued		58,525	-
Cash and bank balances	11	1,381,477	13,559,453
		11,701,189	20,363,759
		<u>36,244,736</u>	<u>44,130,451</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid up capital	12	55,525,000	55,525,000
Revenue reserve			
Accumulated loss		(14,541,647)	(16,245,995)
Capital reserve			
Fair value adjustment reserve	13	(8,667,029)	(6,388,296)
		32,316,324	32,890,709
Long term loan from chief executive	14	3,450,000	-
		35,766,324	32,890,709
NON CURRENT LIABILITIES			
Deferred taxation	15	20,736	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	16	205,376	296,341
Trade and other payables	17	85,352	10,943,401
Provision for taxation		166,948	-
		457,676	11,239,742
CONTINGENCIES AND COMMITMENTS			
	18	-	-
		<u>36,244,736</u>	<u>44,130,451</u>

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

CHIEF EXECUTIVE



DIRECTOR

BRIDGE SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Brokerage and commission	19	4,674,917	4,297,421
Direct cost	20	<u>(419,059)</u>	<u>(367,642)</u>
		4,255,858	3,929,779
Operating expenses	21	<u>(3,878,813)</u>	<u>(4,063,547)</u>
Other operating expenses	22	<u>(61,645)</u>	<u>(22,439)</u>
Other income	23	<u>2,157,733</u>	<u>1,284,555</u>
		<u>(1,782,725)</u>	<u>(2,801,431)</u>
PROFIT FROM OPERATIONS		2,473,133	1,128,348
Finance cost	24	<u>(6,541)</u>	<u>(6,415)</u>
PROFIT BEFORE TAXATION		2,466,592	1,121,933
Taxation	25	<u>(762,245)</u>	<u>(103,486)</u>
PROFIT FOR THE YEAR		<u><u>1,704,347</u></u>	<u><u>1,018,447</u></u>
EARNINGS PER SHARE-BASIC AND DILUTED	26	<u><u>3.65</u></u>	<u><u>2.18</u></u>

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

Anil Kumar
CHIEF EXECUTIVE



[Signature]
DIRECTOR

BRIDGE SECURITIES (PVT.) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Profit for the year	1,704,347	1,018,447
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		
(Loss)/gain on investment classified as available for sale	(2,278,733)	261,633
Related deferred tax	-	-
Other comprehensive (loss)/income for the year	(2,278,733)	261,633
Total comprehensive (loss)/income for the year	<u>(574,386)</u>	<u>1,280,080</u>

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

Anjal Kaur
 CHIEF EXECUTIVE



DIRECTOR
[Signature]

BRIDGE SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,466,592	1,121,933
Adjustments of Items Not Involving Movements of Cash:			
Depreciation	4	35,194	35,245
		<u>35,194</u>	<u>35,245</u>
Operating Cash Flows Before Working Capital Changes		2,501,786	1,157,178
(Increase) / Decrease In Working Capital			
(Increase) / decrease in current assets			
Trade debts		1,683,582	1,131,564
Loans and advances		(891,000)	20,000
Accrued markup		(58,525)	-
Trade deposits and short term prepayments		(4,249,463)	(1,001,500)
Increase / (decrease) in current liabilities			
Accrued liabilities		(90,965)	163,090
Trade and other payables		(10,858,049)	9,857,481
		<u>(14,464,420)</u>	<u>10,170,635</u>
Cash (used in)/generated from in operations		(11,962,634)	11,327,813
Taxes paid		(411,842)	(167,331)
		<u>(12,374,476)</u>	<u>11,160,482</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(25,000)	(24,500)
Long term advances paid		(3,628,500)	-
Long term deposits refunded		400,000	-
Net Cash Flows From Investing Activities		(3,253,500)	(24,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan received		3,450,000	-
Net Cash Flows From Financing Activities		3,450,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(12,177,976)	11,135,982
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		13,559,453	2,423,471
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>1,381,477</u>	<u>13,559,453</u>
A Cash and Cash Equivalents			
Cash and bank balances	11	<u>1,381,477</u>	<u>13,559,453</u>

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

CHIEF EXECUTIVE

Angel Yamb



DIRECTOR

[Signature]

BRIDGE SECURITIES (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Paid up share capital	Accumulated loss	Fair value adjustment reserve	Sub Total	Long term loan	Total
	----- (R u p e e s) -----					
Balance as at June 30, 2020	41,000,000	(17,264,442)	(6,649,929)	17,085,629	14,525,000	31,610,629
Share capital issued during the year	14,525,000	-	-	14,525,000	-	14,525,000
Long term loan repaid/ adjusted during the year	-	-	-	-	(14,525,000)	(14,525,000)
Profit after taxation	-	1,018,447	-	441,731	-	441,731
Other comprehensive income	-	-	261,633	-	-	-
Total comprehensive income for the year	-	1,018,447	261,633	1,280,080	-	1,280,080
Balance as at June 30, 2021	55,525,000	(16,245,995)	(6,388,296)	32,890,709	-	32,890,709
Long term loan received during the year	-	-	-	-	3,450,000	3,450,000
Profit after taxation	-	1,704,347	-	1,704,347	-	1,704,347
Other comprehensive loss	-	-	(2,278,733)	(2,278,733)	-	(2,278,733)
Total comprehensive loss for the year	-	1,704,347	(2,278,733)	(574,386)	-	(574,386)
Balance as at June 30, 2022	55,525,000	(14,541,647)	(8,667,029)	32,316,323	3,450,000	35,766,323

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


CHIEF EXECUTIVE




DIRECTOR

BRIDGE SECURITIES (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 COMPANY AND ITS OPERATION

1.1 Bridge Securities (Pvt) Limited (The Company) is limited by shares incorporated in Pakistan on 7th April, 2006 under the repealed Companies Ordinance, 1984. The registered office of the company is situated at Room # 214, 2nd Floor, Pakistan Stock Exchange Building, Lahore. The principal activity of the company is to carry on the business of shares, brokerage, underwriting, investment and portfolio management.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- 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 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 straight line 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 or 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 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 un-quoted 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 mainly of trade debts, loans, advances, deposits, other receivable and cash and bank balances etc. 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 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 profit or loss in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

3.16 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		Accumulated Depreciation			W.D.V. As at June 30, 2022
	As at June 30, 2021	Additions	As at June 30, 2022	Rate %	As at June 30, 2021	

----- R u p e e s -----

----- R u p e e s -----

OWNED								
Furniture and fittings	19,500	-	19,500	10	13,382	612	13,994	5,506
Office equipments	198,394	-	198,394	10	106,307	9,209	115,516	82,878
Vehicle	42,200	-	42,200	10	17,905	2,430	20,335	21,865
Mobile phones	36,400	-	36,400	10	12,954	2,345	15,299	21,101
Computers	441,675	25,000	466,675	20	355,351	20,598	375,949	90,726
	738,169	25,000	763,169		505,899	35,194	541,093	222,076

4.1 PROPERTY AND EQUIPMENT

Particulars	Cost		Accumulated Depreciation			W.D.V. As at June 30, 2021
	As at June 30, 2020	Additions	As at June 30, 2021	Rate %	As at June 30, 2020	

----- R u p e e s -----

----- R u p e e s -----

OWNED								
Furniture and fittings	19,500	-	19,500	10	12,702	680	13,382	6,118
Office equipment	198,394	-	198,394	10	96,075	10,232	106,307	92,087
Vehicle	42,200	-	42,200	10	15,205	2,700	17,905	24,295
Mobile phones	36,400	-	36,400	10	10,349	2,605	12,954	23,446
Computers	417,175	24,500	441,675	20	336,323	19,028	355,351	86,324
	713,669	24,500.00	738,169		470,654	35,245	505,899	232,269

4.2 Allocation of Depreciation:

Operating expenses

Note	2022 Rupees	2021 Rupees
21	35,194	35,245

h

	Note	2022 Rupees	2021 Rupees
5 INTANGIBLE ASSETS			
Rights of room		2,260,000	2,260,000
Trading right entitlement certificate (TREC)	5.1	2,500,000	2,500,000
		<u>4,760,000</u>	<u>4,760,000</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.

	Note	2022 Rupees	2021 Rupees
3 LONG TERM INVESTMENT			
Unquoted - Shares of LSE Financial Services Limited:			
Available for sale			
Cost as at July 01,		24,500,000	24,500,000
Fair value adjustment		(8,667,029)	(6,388,296)
	6.1	<u>15,832,971</u>	<u>18,111,704</u>

6.1 This represents the investment in 843,975 (2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used was 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.

	Note	2022 Rupees	2021 Rupees
7 LONG TERM DEPOSITS			
Deposits with:			
National Clearing Company of Pakistan Ltd.		-	400,000
Central Depository Company of Pakistan Ltd.		100,000	100,000
		<u>100,000</u>	<u>500,000</u>

8 TRADE DEBTS

Receivable from clients on account of:

Clients on account of purchase of shares		12,072	2,172,387
Less: Provision for doubtful debts	8.1	12,072	488,805
	8.2	<u>-</u>	<u>1,683,582</u>

	Note	2022 Rupees	2021 Rupees
8.1 Movement is as follows			
Opening balance		488,805	939,346
Provision/(reversal) for the year		12,072	(450,541)
Balance written off during the year		(488,805)	-
		<u>12,072</u>	<u>488,805</u>

8.2 Aging Analysis

Upto five days		-	209,297
More than five days		-	1,474,285
		<u>-</u>	<u>1,683,582</u>

9 LOANS AND ADVANCES

Un-secured but considered good Advances to:

Director	9.1	500,000	-
Employees		415,000	24,000
		<u>915,000</u>	<u>24,000</u>

9.1 Advances to Director - Mr. Fayaz Haider

Balance as at July 01,		-	-
Disbursed during the year		500,000	-
Repayments/adjustments made during the year		-	-
		<u>500,000</u>	<u>-</u>

9.2 This represents short term advance obtained by the director of the company. As per terms of repayment of the advance, it would be settled within the next twelve months from the reporting date.

9.3 The maximum aggregate amount outstanding at the month-end balance was amounting Rs.500,000 (2021: Rs. nil) and is outstanding more less than 6 months.

	Note	2022 Rupees	2021 Rupees
10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
Eclear Services Limited		9,245,963	-
National Clearing Company		-	5,000,000
Tax deducted at source		95,224	95,224
Prepaid expenses		5,000	1,500
		<u>9,346,187</u>	<u>5,096,724</u>

	Note	2022 Rupees	2021 Rupees
11 CASH AND BANK BALANCES			
These were held as under:			
Cash in hand		-	-
Cash at bank:			
Current accounts			
Pertaining to brokerage house		1,319,760	2,441,531
Pertaining to clients		61,716	11,117,922
		<u>1,381,477</u>	<u>13,559,453</u>
		<u>1,381,477</u>	<u>13,559,453</u>

12 SHARE CAPITAL

Authorized

3,000,000 (2021: 3,000,000) ordinary shares of Rs.100 each

300,000,000 300,000,000

Issued, subscribed and paid up

555,250 (2021: 555,250) ordinary shares of Rs.100 each fully paid in cash

55,525,000 55,525,000

12.1 Pattern of Shareholding:

Categories of shareholders	% age of Shares Held		Number of Shares Held	
	2022	2021	2022	2021
Individual				
Mr. Amjad Yaqoob - CEO	32.78%	32.78%	182,000	182,000
Mr. Fayaz Haider - Director	67.22%	67.22%	373,250	373,250
	<u>100%</u>	<u>100%</u>	<u>555,250</u>	<u>555,250</u>

13 FAIR VALUE ADJUSTMENT RESERVE

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

	Note	2022 Rupees	2021 Rupees
14 LONG TERM LOAN FROM THE CHIEF EXECUTIVE			
Loan from Mr. Amjad Yaqoob	14.2	<u>3,450,000</u>	<u>-</u>
14.1 Loan from directors:			
Balance as at July 01,		-	14,525,000
Add: Received during the year		3,450,000	-
Less: Repaid/adjusted during the year		-	(14,525,000)
		<u>3,450,000</u>	<u>-</u>

14.2 This represented interest free and un-secured loan obtained from the Chief Executive of the company. This is repayable at the discretion of the company.

	Note	2022 Rupees	2021 Rupees
15 DEFERRED TAXATION			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		24,237	26,704
Alternate corporate tax paid		-	(68,551)
Provision for doubtful debts		(3,501)	(120,872)
Gain on long term investment		(2,513,438)	(1,389,454)
Deferred tax asset not recognised		2,513,438	1,389,454
		<u>20,736</u>	<u>(162,719)</u>
Balance as at July 01,		(162,719)	-
Add: Charge during the year in profit or loss		183,455	(162,719)
		<u>20,736</u>	<u>(162,719)</u>

15.1 At the year end, accumulated gain on long term investment resulted in a net deferred tax asset of Rs. 2,513,438. However, deferred tax asset has not recognized in these financial statements being prudent in respect of gain on long term investment.

	Note	2022 Rupees	2021 Rupees
16 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		<u>205,376</u>	<u>296,341</u>
17 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	17.1	503	10,514,222
Punjab workers welfare fund payable		84,849	35,276
Payable to National Clearing Company of Pakistan Ltd.		-	393,903
		<u>85,352</u>	<u>10,943,401</u>

17.1 The total value of securities pertaining to clients is Rs. nil (2021:Rs. 66,472,607) held in sub-accounts of the company. No clients security is pledged with the financial institutions.

18 CONTINGENCIES AND COMMITMENTS

Contingencies as at the date of reporting were Rs. nil (2021: Rs. nil).

Commitments in respect of capital expenditures as at the date of reporting were Rs. 12,371,500 (2021: Rs. nil).

	Note	2022 Rupees	2021 Rupees
19 BROKERAGE AND COMMISSION			
Retail customers		5,422,906	4,985,010
Less: Sales tax		(747,989)	(687,589)
		<u>4,674,917</u>	<u>4,297,421</u>
20 DIRECT COST			
Charges paid to/against:			
Pakistan Stock Exchange Limited		134,005	163,302
National Clearing Company of Pakistan Limited		48,138	106,657
Eclear Services Limited		181,216	-
Central Depository Company of Pakistan Limited		55,700	97,683
		<u>419,059</u>	<u>367,642</u>

	Note	2022 Rupees	2021 Rupees
21 OPERATING EXPENSES			
Director's remuneration		1,200,000	1,800,000
Staff salaries and benefits		1,513,000	1,382,590
Rent, rates and taxes		37,814	36,509
Communication expenses		97,406	97,218
Electricity charges		133,742	109,366
Postage and courier charges		15,143	15,166
Printing and stationery		26,822	20,920
Repair and maintenance		121,534	103,664
Legal and professional charges	21.1	245,683	145,550
Fee and subscription		154,270	176,201
Insurance		1,638	1,375
Travelling and conveyance		119,961	20,870
Entertainment		111,890	96,681
Donation		35,000	-
Depreciation	4	35,194	35,245
Miscellaneous expenses		29,716	22,192
		<u>3,878,813</u>	<u>4,063,547</u>

21.1 Auditor's remuneration

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

	Note	2022 Rupees	2021 Rupees
Amin, Mudassar & Co. Chartered Accountants			
Audit Services			
Statutory audit		68,250	68,250
Non-Audit Services			
Certification fee for regulatory purposes		25,000	58,600
		<u>93,250</u>	<u>126,850</u>

22 OTHER OPERATING EXPENSES

Provision for doubtful debts		12,072	-
Punjab workers welfare fund		49,573	22,439
		<u>61,645</u>	<u>22,439</u>

23 OTHER INCOME

Income from financial assets

Dividend income		1,392,560	590,783
Interest income		657,026	165,916
Reversal of doubtful debts		-	450,541

Income from assets other than financial assets

Other income		108,147	77,315
		<u>2,157,733</u>	<u>1,284,555</u>

	Note	2022 Rupees	2021 Rupees
24 FINANCE COST			
Bank charges		6,541	6,415
25 TAXATION			
Income tax:			
-Current		578,790	266,205
-Deferred	15	183,455	(162,719)
		<u>762,245</u>	<u>103,486</u>

25.1 Reconciliation between tax expense and accounting profit		2022 Rupees
Profit before taxation		<u>2,466,592</u>
Tax at applicable rate		715,312
Tax effect of income under final tax regime		62,383
Tax effect of non-deductible expenses		(130,354)
Adjustment of tax credits		(68,551)
Deferred taxation		<u>183,455</u>
		<u>762,245</u>

25.2 No numeric tax rate reconciliation is presented for the previous year in these financial statements as the company was either liable to pay tax under final tax regime or alternate corporate tax u/s 113 of the Income Tax Ordinance, 2001.

	2022	2021
26 EARNINGS PER SHARE- BASIC AND DILUTED		
Profit for the year-Rupees	<u>1,704,347</u>	<u>1,018,447</u>
Weighted average number of ordinary shares outstanding during the year-Numbers	<u>466,508</u>	<u>466,508</u>
Earnings per share-Rupees	<u>3.65</u>	<u>2.18</u>

	2022 (N u m b e r)	2021
27 NUMBER OF EMPLOYEES		
Total number of employees at the end of year	<u>4</u>	<u>4</u>
Average number of employees during the year	<u>4</u>	<u>4</u>

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the Chief Executives, Directors and Executives of the company is as follows:

	2022		
	Chief Executive	Director	Executive
	----- R u p e e s -----		
Managerial remuneration	-	1,200,000	-
Number of persons	-	1	-

2021		
Chief Executive	Director	Executive
----- R u p e e s -----		
-	1,800,000	-
-	1	-

Managerial remuneration

Number of persons

29 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Available for sale

Long term investment

2022
Rupees

2021
Rupees

15,832,971

18,111,704

Loans and receivables

Long term deposits

100,000

500,000

Trade debts

-

1,683,582

Loans and advances

915,000

24,000

Trade deposits and other receivables

9,245,963

-

Cash and bank balances

1,381,477

13,559,453

11,642,440

15,767,035

Financial liabilities

At amortized cost

Deposits, accrued liabilities and advances

205,376

296,341

Trade and other payables

85,352

10,943,401

457,676

11,239,742

30 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.

1 GENERAL

Figures have been rounded off to the nearest of rupee.

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 30 SEP 2022 by the Board of Directors of the Company.