

BRIDGE SECURITIES (PVT) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

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

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



CHARTERED ACCOUNTANTS

Lahore: 18 SEP 2023

UDIN: AR202310082g5uW9cANS



Bridge Securities (Pvt) Limited

TREC HOLDER: PAKISTAN STOCK EXCHANGE LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS 2023

The Board of Directors is delighted to present Annual report and the Financial Statements of the company for the year ended June 30, 2023.

OPERATING RESULTS

During the year under review, the Revenue Rs. 2,691,889 as compared to last year which was Rs. 4,674,917. The position of appropriation is follows:

	2023 RUPEES	2022 RUPEES
Loss/Profit before taxation	(15,680,963)	2,466,592
Provision for taxation		
For the year	122,844	578,790
Prior year	(35,101)	-
Deferred	(20,736)	183,455
Loss/Profit after taxation	(15,747,970)	1,704,347
Loss available for appropriation	-	-
Accumulated loss	(30,289,617)	(14,541,647)
Income tax paid	(522,964)	(411,842)
Earnings per share	(28.36)	3.07

The remuneration paid to the Chief Executive/Director(s) and variation therein has been disclosed in Note no. 28 to the Financial Statements.

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 18, 2023



Ahmed Yousaf
Chief Executive/Director

Bridge To Your Financial Aspirations

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Tel: (042) 36280884, 36280885, 36280886
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BRIDGE SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	181,722	222,076
Intangible assets	5	4,760,000	4,760,000
Long term investments	6	9,006,809	15,832,971
Long term deposits	7	100,000	100,000
Long term advances		-	3,628,500
Deferred taxation	15	-	-
		14,048,531	24,543,547
CURRENT ASSETS			
Trade debts	8	-	-
Loans and advances	9	811,000	915,000
Trade deposits, short term prepayments and current account balance with statutory authorities	10	9,189,290	9,346,187
Markup accrued		157,691	58,525
Cash and bank balances	11	1,210,402	1,381,477
		11,368,383	11,701,189
		25,416,914	36,244,736
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		(30,289,617)	(14,541,647)
Capital reserve			
Fair value adjustment reserve	13	-	(8,667,029)
		25,235,383	32,316,324
Long term loan from chief executive	14	-	3,450,000
		25,235,383	35,766,324
NON CURRENT LIABILITIES			
Deferred taxation	15	-	20,736
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	16	181,028	205,376
Trade and other payables	17	503	85,352
Provision for taxation		-	166,948
		181,531	457,676
CONTINGENCIES AND COMMITMENTS			
	18	-	-
		25,416,914	36,244,736

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

Arvind Kumar

CHIEF EXECUTIVE



[Signature]

DIRECTOR

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

	Note	2023 Rupees	2022 Rupees
Brokerage and commission	19	2,691,889	4,674,917
Direct cost	20	<u>(214,550)</u>	<u>(419,059)</u>
		2,477,339	4,255,858
Operating expenses	21	<u>(5,153,679)</u>	<u>(3,878,813)</u>
Other operating expenses	22	<u>(15,493,191)</u>	<u>(61,645)</u>
Other income	23	<u>2,493,813</u>	<u>2,157,733</u>
		<u>(18,153,057)</u>	<u>(1,782,725)</u>
(LOSS)/PROFIT FROM OPERATIONS		(15,675,718)	2,473,133
Finance cost	24	<u>(5,245)</u>	<u>(6,541)</u>
(LOSS)/PROFIT BEFORE TAXATION		(15,680,963)	2,466,592
Taxation	25	<u>(67,007)</u>	<u>(762,245)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(15,747,970)</u>	<u>1,704,347</u>
EARNINGS PER SHARE-BASIC AND DILUTED	26	<u>(28.36)</u>	<u>3.07</u>

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

Arif Gulati

CHIEF EXECUTIVE



[Signature]

DIRECTOR

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

	2023 Rupees	2022 Rupees
(Loss)/profit for the year	(15,747,970)	1,704,347
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		
Effect of reclassification of long term investments	8,667,029	(2,278,733)
Related deferred tax	-	-
Other comprehensive income/(loss) for the year	8,667,029	(2,278,733)
Total comprehensive loss for the year	<u><u>(7,080,941)</u></u>	<u><u>(574,386)</u></u>

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

Anjat Gupta

CHIEF EXECUTIVE



DIRECTOR

[Signature]

BRIDGE SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(15,680,963)	2,466,592
Adjustments of Items Not Involving Movements of Cash:			
Depreciation	4	40,354	35,194
Unrealized loss		15,493,191	-
		<u>15,533,545</u>	<u>35,194</u>
Operating Cash Flows Before Working Capital Changes		(147,418)	2,501,786
(Increase) / Decrease In Working Capital			
(Increase) / decrease in current assets			
Trade debts		-	1,683,582
Loans and advances		104,000	(891,000)
Accrued markup		(99,166)	(58,525)
Trade deposits and short term prepayments		425,170	(4,249,463)
Increase / (decrease) in current liabilities			
Accrued liabilities		(24,348)	(90,965)
Trade and other payables		(84,849)	(10,858,049)
		<u>320,807</u>	<u>(14,464,420)</u>
Cash generated from/(used in) in operations		173,389	(11,962,634)
Taxes paid		(522,964)	(411,842)
Net Cash Used in Operations		(349,575)	(12,374,476)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		-	(25,000)
Long term advances refunded/(paid) - net		3,628,500	(3,628,500)
Long term deposits refunded		-	400,000
Net Cash Generated From/(Used In) Investing Activities		3,628,500	(3,253,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan (repaid)/received		(3,450,000)	3,450,000
Net Cash Generated From/(Used In) Financing Activities		<u>(3,450,000)</u>	<u>3,450,000</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(171,075)	(12,177,976)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>1,381,477</u>	<u>13,559,453</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u><u>1,210,402</u></u>	<u><u>1,381,477</u></u>
A Cash and Cash Equivalents			
Cash and bank balances	11	<u><u>1,210,402</u></u>	<u><u>1,381,477</u></u>

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

Angela Yum...

CHIEF EXECUTIVE



Milind...

DIRECTOR

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

	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, 2021	55,525,000	(16,245,994)	(6,388,296)	32,890,710	-	32,890,710
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)	32,316,324	3,450,000	35,766,324
Loan repaid during the year	-	-	-	-	(3,450,000)	(3,450,000)
Loss after taxation	-	(15,747,970)	-	(15,747,970)	-	(15,747,970)
Other comprehensive income	-	-	8,667,029	8,667,029	-	8,667,029
Total comprehensive loss for the year	-	(15,747,970)	8,667,029	(7,080,941)	-	(7,080,941)
	55,525,000	(30,289,617)	-	25,235,383	-	25,235,383

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

CHIEF EXECUTIVE

Angela Yuen Ma



DIRECTOR

[Signature]

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

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.

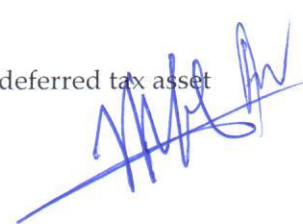
2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

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

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

3.2 INTANGIBLE ASSETS

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

3.2. 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. 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 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 credit worthiness 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 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 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.

3.17 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			Rate %	Accumulated Depreciation			W.D.V.
	As at June 30, 2022	Additions	As at June 30, 2023		As at June 30, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023

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

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

OWNED

Furniture and fittings	19,500	-	19,500	10	13,994	551	14,545	4,955
Office equipments	198,394	-	198,394	10	115,516	8,288	123,804	74,590
Vehicle	42,200	-	42,200	10	20,335	2,187	22,522	19,678
Mobile phones	36,400	-	36,400	10	15,299	2,110	17,409	18,991
Computers	466,675	-	466,675	30	375,949	27,218	403,167	63,508
	<u>763,169</u>	<u>-</u>	<u>763,169</u>		<u>541,093</u>	<u>40,354</u>	<u>581,447</u>	<u>181,722</u>

Particulars	Cost			Rate %	Accumulated Depreciation			W.D.V.
	As at June 30, 2021	Additions	As at June 30, 2022		As at June 30, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022

----- 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
	<u>738,169</u>	<u>25,000</u>	<u>763,169</u>		<u>505,899</u>	<u>35,194</u>	<u>541,093</u>	<u>222,076</u>

	Note	2022 Rupees	2021 Rupees
4.1 Allocation of Depreciation:			
Operating expenses	21	<u>40,354</u>	<u>35,194</u>

	Note	2023 Rupees	2022 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. 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)			
Investment at fair value through profit or loss			
Cost as at July 01,		24,500,000	24,500,000
Fair value adjustment		<u>(15,493,191)</u>	<u>(8,667,029)</u>
	6.1	<u>9,006,809</u>	<u>15,832,971</u>

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

	Total No. of shares	Total Rupees	Pledge Rupees
LSE Proptech Limited	295,534	1,421,519	-
LSE Venture Limited	842,810	7,585,290	-
	<u>1,138,344</u>	<u>9,006,809</u>	<u>-</u>

	Note	2023 Rupees	2022 Rupees
7 LONG TERM DEPOSITS			
Deposits with:			
Central Depository Company of Pakistan Ltd.		<u>100,000</u>	<u>100,000</u>
		<u>100,000</u>	<u>100,000</u>
8 TRADE DEBTS			
Receivable from clients on account of:			
Clients on account of purchase of shares		-	12,072
Less: Provision for doubtful debts	8.1	-	12,072
	8.2	<u>-</u>	<u>-</u>

	Note	2023 Rupees	2022 Rupees
8.1 Movement is as follows			
Opening balance		12,072	488,805
Provision for the year		-	12,072
Balance written off during the year		(12,072)	(488,805)
		<u>-</u>	<u>12,072</u>

9 LOANS AND ADVANCES

Un-secured but considered good Advances to:

Director	9.1	450,000	500,000
Employees		361,000	415,000
		<u>811,000</u>	<u>915,000</u>
9.1 Advances to Director - Mr. Fayaz Haider			
Balance as at July 01,		500,000	-
Disbursed during the year		-	500,000
Recovered during the year		(50,000)	-
		<u>450,000</u>	<u>500,000</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 on demand of the company.

9.3 The maximum aggregate amount outstanding at the month-end balance was amounting Rs.500,000 (2022: Rs. 500,000) and is outstanding more than 12 months.

	Note	2023 Rupees	2022 Rupees
10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
Eclear Services Limited		8,818,293	9,245,963
Tax deducted at source		363,497	95,224
Prepaid expenses		7,500	5,000
		<u>9,189,290</u>	<u>9,346,187</u>

11 CASH AND BANK BALANCES

These were held as under:

Cash in hand

-

-

Cash at bank:

Current accounts

Pertaining to brokerage house

1,188,686

1,319,760

Pertaining to clients

21,716

61,716

1,210,402

1,381,477

1,210,402

1,381,477

	Note	2023 Rupees	2022 Rupees
12 SHARE CAPITAL			
Authorized			
3,000,000 (2022: 3,000,000) ordinary shares of Rs.100 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up			
555,250 (2022: 555,250) ordinary shares of Rs.100 each fully paid in cash		<u>55,525,000</u>	<u>55,525,000</u>

12.1 Pattern of Shareholding:

Categories of shareholders	% age of Shares Held		Number of Shares Held	
	2023	2022	2023	2022
Individual				
Mr. Amjad Yaqoob - CEO	32.78%	32.78%	182,000	182,000
Mr. Fayaz Haider - Director	<u>67.22%</u>	<u>67.22%</u>	<u>373,250</u>	<u>373,250</u>
	<u>100%</u>	<u>100%</u>	<u>555,250</u>	<u>555,250</u>

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

	Note	2023 Rupees	2022 Rupees
13 FAIR VALUE ADJUSTMENT RESERVE			
Fair value adjustment reserve		<u>-</u>	<u>(8,667,029)</u>

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

	Note	2023 Rupees	2022 Rupees
14 LONG TERM LOAN FROM THE CHIEF EXECUTIVE			
Loan from Mr. Amjad Yaqoob	14.2	<u>-</u>	<u>3,450,000</u>

14.1 Loan from directors:

Balance as at July 01,		3,450,000	-
Add: Received during the year		-	3,450,000
Less: Repaid during the year		<u>(3,450,000)</u>	<u>-</u>
		<u>-</u>	<u>3,450,000</u>

14.2 This represented interest free and un-secured loan obtained from the Chief Executive of the company. This was repayable at the discretion of the company and full amount of outstanding balance of loan has been repaid during the year.

	Note	2023 Rupees	2022 Rupees
15 DEFERRED TAXATION			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		21,443	24,237
Provision for doubtful debts		-	(3,501)
Loss on long term investment		(1,936,649)	(2,513,438)
Taxable losses		(36,566)	-
Minimum taxes paid		(59,546)	-
Deferred tax asset not recognised		2,011,318	2,513,438
		<u>-</u>	<u>20,736</u>
Balance as at July 01,		20,736	(162,719)
Add: Charge during the year in profit or loss		(20,736)	183,455
		<u>-</u>	<u>20,736</u>

15.1 At the year end, net deferred tax asset on deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 2,011,452. However, net deferred tax asset has not 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.

15.2 Business losses would expire as follows:

Accounting year to which business loss relates	Rupees	Accounting year in which business loss will expire
2023	102,628	2029

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

Accounting year to which depreciation loss relates	Rupees
2023	23,461

15.4 Minimum tax credits would expire as follows:

Accounting year to which minimum credits relates	Rupees	Accounting year in which minimum credits will expire
2023	59,546	2026

	Note	2023 Rupees	2022 Rupees
16 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		<u>181,028</u>	<u>205,376</u>
17 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	17.1	503	503
Punjab workers welfare fund payable		-	84,849
		<u>503</u>	<u>85,352</u>

17.1 The total value of securities pertaining to clients is Rs. nil (2022: Rs. nil) held in sub-accounts of the company. No clients security is pledged with the financial institutions.

18 CONTINGENCIES AND COMMITMENTS

18.1 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 for meeting the Base Minimum Capital requirements.

18.2 Commitments in respect of capital expenditures as at the date of reporting were Rs. nil (2022: Rs.12,371,500).

	Note	2023 Rupees	2022 Rupees
19 BROKERAGE AND COMMISSION			
Retail customers		3,122,593	5,422,906
Less: Sales tax		(430,704)	(747,989)
		<u>2,691,889</u>	<u>4,674,917</u>
20 DIRECT COST			
Charges paid to/against:			
Pakistan Stock Exchange Limited		58,777	134,005
National Clearing Company of Pakistan Limited		1,083	48,138
Eclear Services Limited		137,097	181,216
Central Depository Company of Pakistan Limited		17,593	55,700
		<u>214,550</u>	<u>419,059</u>
21 OPERATING EXPENSES			
Directors' remuneration		1,800,000	1,200,000
Staff salaries and benefits		1,634,000	1,513,000
Rent, rates and taxes		38,835	37,814
Communication expenses		111,910	97,406
Electricity charges		159,509	133,742
Postage and courier charges		3,371	15,143
Printing and stationery		14,585	26,822
Repair and maintenance		180,010	121,534
Legal and professional charges	21.1	141,166	245,683
Fee and subscription		141,760	154,270
Insurance		1,477	1,638
Travelling and conveyance		633,080	119,961
Entertainment		162,972	111,890
Donation		54,000	35,000
Depreciation	4	40,354	35,194
Miscellaneous expenses		36,650	29,716
		<u>5,153,679</u>	<u>3,878,813</u>

21.1 Auditor's remuneration

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

	Note	2023 Rupees	2022 Rupees
Amin, Mudassar & Co.			
Chartered Accountants			
Audit Services			
Statutory audit		80,000	68,250
Non-Audit Services			
Certification fee for regulatory purposes		12,500	25,000
		<u>92,500</u>	<u>93,250</u>
22 OTHER OPERATING EXPENSES			
Provision for doubtful debts		-	12,072
Punjab workers welfare fund		-	49,573
Unrealized loss on long term investments		15,493,191	-
		<u>15,493,191</u>	<u>61,645</u>

	Note	2023 Rupees	2022 Rupees
23 OTHER INCOME			
Income from financial assets			
Dividend income		421,987	1,392,560
Interest income		1,668,228	657,026
Income from assets other than financial assets			
Other income		403,598	108,147
		<u>2,493,813</u>	<u>2,157,733</u>
24 FINANCE COST			
Bank charges		5,245	6,541
25 TAXATION			
Income tax:			
-Current		122,844	578,790
-Prior year		(35,101)	-
-Deferred	15	(20,736)	183,455
		<u>67,007</u>	<u>762,245</u>
25.1 Reconciliation between tax expense and accounting profit			2022 Rupees
Profit before taxation		-	2,466,592
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		-	183,455
		-	<u>762,245</u>
25.2 No numeric tax rate reconciliation is presented for the current year in these financial statements as the company was either liable to pay tax under final tax regime or minimum tax regime of the Income Tax Ordinance, 2001.			
26 EARNINGS PER SHARE- BASIC AND DILUTED		2023	2022
(Loss)/ profit for the year-Rupees		<u>(15,747,970)</u>	<u>1,704,347</u>
Weighted average number of ordinary shares outstanding during the year-Numbers		<u>555,250</u>	<u>555,250</u>
Earnings per share-Rupees		<u>(28.36)</u>	<u>3.07</u>
27 NUMBER OF EMPLOYEES		2023	2022
		(N u m b e r)	
Total number of employees at the end of year		<u>3</u>	<u>4</u>
Average number of employees during the year		<u>3</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:

	2023		
	Chief Executive	Director	Executive
	----- R u p e e s -----		
Managerial remuneration	600,000	1,200,000	-
Number of persons	1	1	-
	2022		
	Chief Executive	Director	Executive
	----- R u p e e s -----		
Managerial remuneration	-	1,200,000	-
Number of persons	-	1	-

29 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities	2023 Rupees	2022 Rupees
Financial assets		
Available for sale		
Long term investments	-	15,832,971
Fair value through profit or loss		
Long term investments	9,006,809	-
Amortized cost		
Long term deposits	100,000	100,000
Trade debts	-	-
Loans and advances	450,000	500,000
Trade deposits and other receivables	8,818,293	9,245,963
Markup accrued	157,691	58,525
Cash and bank balances	1,210,402	1,381,477
	10,736,386	11,285,965
Financial liabilities		
At amortized cost		
Deposits, accrued liabilities and advances	181,028	205,376
Trade and other payables	503	503
	181,531	205,879

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.

31 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 18 SEP 2023 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR

