

MGM SECURITIES (PVT) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Independent Auditor's Report to the Members of MGM Securities (Pvt.) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MGM 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 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.

Other Matter

The financial statements of the Company for the year ended June 30, 2022 were audited by another firm of Chartered Accountants (the auditors) who had expressed a unmodified opinion on those financial statements in their report dated October 25, 2022.

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 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: **26 SEP 2023**

UDIN:AR202310082omhsCRLGa

MGM SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	13,918,898	10,481,819
Intangible assets	6	2,500,000	2,500,000
Long term investments	7	9,006,813	16,406,874
Long term deposits	8	1,811,000	5,808,500
		<u>27,236,711</u>	<u>35,197,193</u>
CURRENT ASSETS			
Trade debts	9	10,558,623	19,829,139
Loans and advances	10	1,346,500	1,369,000
Trade deposits, short term prepayments and current account balance with statutory authorities	11	13,031,286	11,814,500
Cash and bank balances	12	48,644,563	49,729,834
		<u>73,580,972</u>	<u>82,742,473</u>
		<u><u>100,817,683</u></u>	<u><u>117,939,666</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	50,000,000	50,000,000
Un appropriated profit		27,782,499	21,229,074
Fair value adjustment reserve	14	-	17,369,179
		<u>77,782,499</u>	<u>88,598,253</u>
NON CURRENT LIABILITIES			
Lease liability	15	-	3,766,630
Deferred liabilities	16	2,697,817	-
		<u>2,697,817</u>	<u>3,766,630</u>
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	445,464	100,000
Trade and other payables	18	19,891,903	23,994,045
Current portion of lease liability	15	-	1,480,737
Provision for taxation		-	-
		<u>20,337,367</u>	<u>25,574,783</u>
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u><u>100,817,683</u></u>	<u><u>117,939,666</u></u>

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

CHIEF EXECUTIVE



DIRECTOR

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

	Note	2023 Rupees	2022 Rupees
Operating revenue	20	10,684,696	13,312,156
Direct costs	21	<u>(1,364,160)</u>	<u>(752,674)</u>
		9,320,536	12,559,482
Operating expenses	22	<u>(14,717,824)</u>	<u>(14,902,739)</u>
Other operating expenses	23	<u>(736,747)</u>	<u>(282,473)</u>
Other income	24	<u>16,395,071</u>	<u>5,394,653</u>
		<u>940,500</u>	<u>(9,790,559)</u>
PROFIT FROM OPERATIONS		10,261,036	2,768,923
Finance cost	25	<u>(737,888)</u>	<u>(466,365)</u>
PROFIT BEFORE TAXATION		9,523,148	2,302,558
Taxation	26	<u>(2,969,723)</u>	<u>(875,638)</u>
PROFIT FOR THE YEAR		<u><u>6,553,425</u></u>	<u><u>1,426,921</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED	27	<u><u>13.11</u></u>	<u><u>2.85</u></u>

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

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CHIEF EXECUTIVE



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DIRECTOR

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

	2023 Rupees	2022 Rupees
Profit for the year	6,553,425	1,426,921
Items that will not be reclassified subsequently to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account		
Loss on investment categorised as fair value through other comprehensive income	-	(4,127,038)
Reversal of accumulated gain on reclassification	(17,369,179)	-
Other comprehensive loss for the year	(17,369,179)	(4,127,038)
Total comprehensive loss for the year	<u>(10,815,754)</u>	<u>(2,700,117)</u>

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

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 CHIEF EXECUTIVE



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 DIRECTOR

CHIEF EXECUTIVE



DIRECTOR

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

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,523,148	2,302,558
Adjustments of items not involving movements of cash:			
Depreciation	5	978,611	895,136
Provision for doubtful debts		546,284	282,473
Gain on remeasurement of investment		(9,969,118)	-
Gain on sale of asset		-	(1,298,472)
Financial charges		686,601	466,365
		<u>(7,757,622)</u>	<u>345,502</u>
Operating cash flows before working capital changes		1,765,526	2,648,060
(Increase)/ decrease in working capital			
(Increase)/ decrease in current assets			
Trade debts		8,724,232	(20,240)
Prepayments and advances		22,500	5,543,613
Increase/ (decrease) in current liabilities			
Deposits, accrued liabilities and advances		345,464	(743,770)
Trade and other payables		(4,102,142)	(19,192,906)
		<u>4,990,053</u>	<u>(14,413,303)</u>
Cash generated from/ (used in) operations		6,755,579	(11,765,243)
Taxes paid		(1,488,692)	(5,558,255)
Financial charges paid		(686,601)	(466,365)
		<u>(2,175,293)</u>	<u>(6,024,620)</u>
Net cash generated from/(used in) operating activities		4,580,286	(17,789,863)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(418,190)	(600,750)
Proceeds from sale of intangible assets		-	3,075,000
Proceeds from sale of fixed assets		-	3,200,000
Long term security deposits		-	(4,297,500)
Net cash (used in)/generated from investing activities		(418,190)	1,376,750
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability paid		(5,247,367)	-
		<u>(5,247,367)</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,085,271)	(16,413,113)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		49,729,834	66,142,947
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>48,644,563</u>	<u>49,729,834</u>
A Cash and Cash Equivalents			
Cash and bank balances	12	<u>48,644,563</u>	<u>49,729,834</u>

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

CHIEF EXECUTIVE



DIRECTOR

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

	Paid up capital	Un appropriated profit	Fair value adjustment reserve	Total
	----- (R u p e e s) -----			
Balance as at June 30, 2021	50,000,000	19,802,153	21,496,217	91,298,369
Profit after taxation	-	1,426,921	-	1,426,921
Other comprehensive loss	-	-	(4,127,038)	(4,127,038)
Total comprehensive loss for the year	-	1,426,921	(4,127,038)	(2,700,117)
Balance as at June 30, 2022	50,000,000	21,229,074	17,369,179	88,598,252
Profit after taxation	-	6,553,425	-	6,553,425
Other comprehensive loss	-	-	(17,369,179)	(17,369,179)
Total comprehensive loss for the year	-	6,553,425	(17,369,179)	(10,815,754)
Balance as at June 30, 2023	50,000,000	27,782,499	-	77,782,498

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

CHIEF EXECUTIVE



DIRECTOR

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

1 COMPANY AND ITS OPERATION

- 1.1 The company was incorporated as Private Limited Company on October 27, 2003 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is engaged in the business of share brokerage and investment in securities. The registered office of the company is situated at Room No. G-10, Ground Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged from day in which an asset is ready to use. Normal repair and maintenance is charged to profit or loss 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 reducing balance method.

Amortization is charged when asset is available for use until asset is disposed off.

3.3 FINANCIAL ASSETS

Financial assets are initially measured at cost and subsequently classified at fair value through profit or loss or at amortized cost. Management determines the classification of its financial assets at initial recognition.

3.4 FINANCIAL LIABILITIES

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

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

3.6 TRADE DEBTS AND OTHER RECEIVABLES

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

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

3.7 CHANGE IN CLASSIFICATION OF FINANCIAL ASSETS

The company has changed nomenclature of financial assets from "Loans and receivables" to "Amortised cost" for better representation. As a result, the company has considered affects due to application of these accounting policies and concluded that there is no material impact resulting from such adoption.

3.8 CASH AND CASH EQUIVALENTS

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

3.9 BORROWINGS

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

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

3.10 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.
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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 permitted by the regulatory authorities or reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

3.18 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 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.



5 PROPERTY AND EQUIPMENT

Particulars	Cost				Accumulated Depreciation					W.D.V
	As at June 30, 2022	Additions	Adjustment	As at June 30, 2023	Rate %	As at June 30, 2022	Charge for the year	Adjustment	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	1,028,586	-	-	1,028,586	10%	888,036	14,055	-	902,091	126,495
Office equipment	384,150	-	-	384,150	10%	291,754	9,240	-	300,994	83,156
Computers	738,600	34,000	-	772,600	30%	522,602	70,192	-	592,794	179,806
Building	11,500,000	-	-	11,500,000	5%	6,891,373	230,431	-	7,121,804	4,378,196
Vehicles	-	10,408,632	-	10,408,632	10%	-	248,989	1,008,398	1,257,387	9,151,245
	<u>13,651,336</u>	<u>10,442,632</u>	<u>-</u>	<u>24,093,968</u>		<u>8,593,765</u>	<u>572,907</u>	<u>1,008,398</u>	<u>10,175,070</u>	<u>13,918,898</u>
LEASED ASSETS										
Vehicles	6,026,942	-	(6,026,942)	-	10%	602,694	405,704	(1,008,398)	-	-
	<u>19,678,278</u>	<u>10,442,632</u>	<u>(6,026,942)</u>	<u>24,093,968</u>		<u>9,196,459</u>	<u>978,611</u>	<u>-</u>	<u>10,175,070</u>	<u>13,918,898</u>

5.1 PROPERTY AND EQUIPMENT

Particulars	Cost				Accumulated Depreciation					W.D.V
	As at June 30, 2021	Additions	Transfer	As at June 30, 2022	Rate %	As at June 30, 2021	Charge for the year	Adjustment	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	1,028,586	-	-	1,028,586	10%	872,419	15,617	-	888,036	140,550
Office equipment	384,150	-	-	384,150	10%	281,488	10,266	-	291,754	92,396
Computers	738,600	-	-	738,600	10%	498,602	24,000	-	522,602	215,998
Building	11,500,000	-	-	11,500,000	5%	6,648,814	242,559	-	6,891,373	4,608,627
	<u>13,651,336</u>	<u>-</u>	<u>-</u>	<u>13,651,336</u>		<u>8,301,323</u>	<u>292,442</u>	<u>-</u>	<u>8,593,765</u>	<u>5,057,571</u>
LEASED ASSETS										
Vehicles	4,044,620	1,982,322	-	6,026,942	10%	-	602,694	-	602,694	5,424,248
	<u>17,695,956</u>	<u>1,982,322</u>	<u>-</u>	<u>19,678,278</u>		<u>8,301,323</u>	<u>895,136</u>	<u>-</u>	<u>9,196,459</u>	<u>10,481,819</u>

	Note	2023 Rupees	2,022 Rupees
5.2 Allocation of Depreciation: Operating expenses	22	<u>978,611</u>	<u>895,136</u>

9 TRADE DEBTS	Note	2023 Rupees	2022 Rupees
Receivable from clients on account of:			
Purchase of shares on behalf of clients		2,766,695	4,565,293
Related parties	9.3	634,252	767,050
		3,400,947	5,332,343
Less: Provision for doubtful debts	9.1	(1,304,591)	(866,041)
		2,096,356	4,466,302
National Clearing Company of Pakistan Ltd.		8,462,267	15,362,837
		<u>10,558,623</u>	<u>19,829,139</u>

9.1 Movement in provision is as follows

Opening balance		866,041	583,568
Provision made during the year		546,284	282,473
Balances written off during the year		(107,734)	-
	9.4	<u>1,304,591</u>	<u>866,041</u>

9.2 Aging Analysis-Receiveable from clients

	2023 Rupees
Upto five days	113,629
More than five days	10,444,994
	<u>10,558,623</u>

9.3 Receivable from related party comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2023 Rupees
Syed Hassan Iqbal	Director	1,278	1,278
Mr. Mian Ghulam Mohiuddin	Director	632,973	632,973
			<u>634,252</u>

9.3.1 Ageing analysis of the amounts due from related parties as follows:

Name	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2023
	-----Rupees-----			
Syed Hassan Iqbal	-	-	1,278	1,278
Mr. Mian Ghulam Mohiuddin	-	632,973	-	632,973
				<u>634,252</u>

9.4 This includes provision relating to receiveables from directors Mr. Syed Hassan Iqbal and Mr. Mian Ghulam Mohaiuddin amounting Rs. 1,278 and Rs. 444,007 respectively. Provision is based on balances outstanding for more than 5 days exceeding market value of holding securities after VAR haircut.

	Note	2023 Rupees	2022 Rupees
10 LOANS AND ADVANCES			
Advances to: (Interest free and un-secured but considered good)			
Employees		66,500	89,000
Director - Syed Hassan Iqbal	10.1	1,280,000	1,280,000
		<u>1,346,500</u>	<u>1,369,000</u>

10.1 Particulars of advance to director:

Name	Basis of relationship	Maximum aggregate amount Rupees	2023 Rupees
Syed Hassan Iqbal	Director	1,280,000	<u>1,280,000</u>

10.2 This represents short term advance obtained by the director of the company. As per terms of repayment of the advance, it is recoverable on demand of the company and it would be settled in next 12 months. This is outstanding for more than 12 months.

	Note	2023 Rupees	2022 Rupees
11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Ltd		10,800,000	10,800,000
Tax deducted at source		2,231,286	1,014,500
		<u>13,031,286</u>	<u>11,814,500</u>

12 CASH AND BANK BALANCES

These were held as under:

Cash in hand		12,881	12,979
Cash at bank:			
in current accounts			
Pertaining to brokerage house		26,225,620	17,915,999
Pertaining to clients		13,260,623	21,369,221
		39,486,243	39,285,220
in saving accounts			
Pertaining to brokerage house		9,145,439	10,431,636
		<u>48,644,563</u>	<u>49,729,834</u>

13 SHARE CAPITAL

Authorized

600,000 (2022: 600,000) ordinary shares of Rs.100 each

Note	2023 Rupees	2022 Rupees
	<u>60,000,000</u>	<u>60,000,000</u>

Issued, subscribed and paid up

500,000 (2022: 500,000) ordinary shares of Rs.100 each issued paid in cash

13.1	<u>50,000,000</u>	<u>50,000,000</u>
------	-------------------	-------------------

13.1 Pattern of Shareholding:

	% age of Shares Held		Number of Shares Held	
	2023	2022	2023	2022
Individuals				
Chief Executive				
Mian Ghulam Mohiuddin	59%	59%	297,297	297,297
Directors				
Zia Mohiuddin	1%	1%	5,406	5,406
Syed Hassan Iqbal	38%	38%	191,891	191,891
Shareholder				
Mrs. Nagina Akhter	1%	1%	5,406	5,406
	<u>100%</u>	<u>100%</u>	<u>500,000</u>	<u>500,000</u>

14 FAIR VALUE ADJUSTMENT RESERVE

	2023	2022
	Rupees	Rupees
Fair value adjustment reserve	-	9,334,874

14.1 This represented accumulated gain on long term investments and it has been reclassified to profit or loss.

15 LEASE LIABILITY	Note	2023	2022
		Rupees	Rupees
Current portion of lease liability		-	1,480,737
Non-current portion of lease liability		-	3,766,630
		<u>-</u>	<u>5,247,367</u>

15.1 Movement during the year is as follows:

Balance as at July, 01	5,247,367	-
Acquired during the year	-	6,438,084
Payments during the year	(1,132,736)	(1,190,717)
Final settlement during the year	<u>(4,114,631)</u>	<u>-</u>
Balance as at Jun, 30	<u>-</u>	<u>5,247,367</u>

15.2 This represented facility from Bank Al-Habib for lease of vehicles. The term of the agreements were 3 to 5 years. The balance was repayable in varying monthly installments. It carries markup @ 6 months KIBOR plus 3%. During the year, the company settled the remaining outstanding balance under the agreement and the ownership of vehicles was transferred in the name of the company.

16 DEFERRED TAXATION	Note	2023	2022
		Rupees	Rupees
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		2,035,104	(708,967)
Unrealized gain on long term investment		1,041,045	-
Provision for doubtful debts		(378,332)	(232,456)
Lease		-	47,477
Minimum tax		(208,608)	-
Brought forward losses		(1,507,909)	-
Deferred tax asset not recognised		<u>1,716,517</u>	<u>893,946</u>
		<u>2,697,817</u>	<u>-</u>
Balance as at July 01,		-	-
Add: Charged during the year		<u>2,697,817</u>	<u>-</u>
		<u>2,697,817</u>	<u>-</u>

16.1 At the year end, deferred tax asset amounting Rs. 1.72 million (2022: Rs. 0.89 million) arising due to minimum tax credits and taxable losses 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.

16.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Rupees	Accounting year in which minimum tax will expire
2023	208,608	2026

16.3 Business losses would expire as follows:

Accounting year to which business losses relates	Rupees	Accounting year in which minimum tax will expire
2023	4,173,373	2029

16.4 Depreciation losses with no limit to expire are follows:

Accounting year to which depreciation losses relates	Rupees
2023	1,026,312

	Note	2023 Rupees	2022 Rupees
17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
Accrued expenses		<u>445,464</u>	<u>100,000</u>
18 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	18.1 & 18.2	19,407,175	23,478,835
Sales tax payable		153,667	184,781
Staff welfare fund		-	189,831
Punjab worker's welfare fund payable		<u>331,061</u>	<u>140,598</u>
		<u>19,891,903</u>	<u>23,994,045</u>

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

Name	Basis of relationship	2023 Rupees	2022 Rupees
Zia Mohiuddin	Director	<u>56,900</u>	<u>144,065</u>

18.2 The total value of securities pertaining to clients, employees and directors/sponsors are amounting Rs. 297,017,041, Rs. 844,840 and Rs. 2,077,478 respectively held in sub-accounts of the company. No client security is pledged with the financial institutions except with National Clearing Company of Pakistan Ltd. amounting Rs. Nil for exposure margin.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The company has received notice from Federal Board of Revenue dated June 20, 2022 in which penalty has been imposed of Rs. 710,000 for the tax year 2021 due to non-compliance of Common Reporting Standard of the Income Tax Rules, 2002. The company has filed a writ petition before the Lahore High Court, Lahore against the aforesaid notice which is pending for decision. The tax advisor of the company is of the opinion that the company has a good arguable case and there is likelihood that the same will be decided in the favour of the company.

19.1.2 The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 8.78 million to Pakistan Stock Exchange (PSX) on behalf of the company for meeting the Base Minimum Capital requirements.

19.1.3 The company has received show cause notice dated 12 December, 2018 from the Deputy Commissioner Audit Inland Revenue unit-IV, Range I, Zone IV, RTO Lahore initiating proceedings u/s 111 of the Income Tax Ordinance 2021 and confronted the addition 1,734,990 in sale/turnover declared in PRA during the Tax Year 2017. The company has replied the show cause notice through letter dated December 17, 2018. However, an order has been passed against the company dated June 21, 2023 without considering the reply of the company. The company has filed appeal against the aforesaid order which was heard on August 1, 2023. The Commissioner (Appeals), Inland Revenue, Lahore has passed order dated September 18, 2023 in favour of the company and has annulled the order passed by Commissioner Audit Inland Revenue.

19.2 Commitments

19.2.1 Commitments in respect of capital expenditures as at June 30, 2023 were amounting Rs. nil (2022: Rs. nil).

	Note	2023 Rupees	2022 Rupees
20 OPERATING REVENUE			
Brokerage income		12,394,247	17,356,596
Less: Sales tax		<u>(1,709,551)</u>	<u>(2,777,055)</u>
		<u>10,684,696</u>	<u>14,579,541</u>
21 DIRECT COSTS			
Charges paid to:			
Pakistan Stock Exchange Limited		623,202	57,483
Central Depository Company of Pakistan Ltd.		182,757	-
Commission Paid		346,475	1,267,385
National Clearing Company of Pakistan Ltd.		211,726	695,191
		<u>1,364,160</u>	<u>2,020,059</u>
22 OPERATING EXPENSES			
Directors' remuneration		6,052,000	5,352,000
Staff salaries and benefits		5,399,352	5,257,114
Rent, rates and taxes		346,290	271,786
Communication and postage		205,553	81,977
Electricity charges		288,422	374,069
Printing and stationery		70,840	64,515
Repair and maintenance		302,212	398,970
Legal and professional charges	22.1	233,000	540,750
Fee and subscription		99,638	899,128
Insurance		133,854	311,643
Charity and donantion		-	55,450
Entertainment		336,104	318,592
Depreciation	5	978,611	895,136
Travelling and conveyance		-	-
Others		271,948	81,608
		<u>14,717,824</u>	<u>14,902,739</u>

	Note	2023 Rupees	2022 Rupees
22.1 Auditor's remuneration			
This includes statutory audit fee and other certification charges as detailed below :			
Amin, Mudassar & Co.			
Chartered Accountants			
Statutory audit		200,000	-
Certification fee		7,000	-
		<u>207,000</u>	<u>-</u>
IEC NET S.K.S.S.S.			
Chartered Accountants			
Statutory audit		-	200,000
		<u>-</u>	<u>200,000</u>
23 OTHER OPERATING EXPENSES			
Provision for doubtful debts		546,284	282,473
Punjab workers' welfare fund		190,463	-
		<u>736,747</u>	<u>282,473</u>
24 OTHER INCOME			
Income from financial assets			
Dividend income		421,988	1,392,559
Interest income		6,003,965	3,654,532
Unrealized gain on long term investments		9,969,118	-
Income from non financial assets			
Gain against sale of intangible assets		-	347,562
		<u>16,395,071</u>	<u>5,394,653</u>
25 FINANCE COST			
Mark-up and finance charges		686,601	446,947
Bank charges		51,287	19,418
		<u>737,888</u>	<u>466,365</u>
26 TAXATION			
Income tax:			
- Current		271,906	875,638
- Deferred		2,697,817	-
		<u>2,969,723</u>	<u>875,638</u>

26.1 No numeric tax rate reconciliation is presented for the current year as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance, 2001.

26.2 Reconciliation of taxation:

	2022 Rupees
Profit before tax	<u>2,484,068</u>
Tax on profit before tax @ 29%	720,380
Tax effect on inadmissible expense	240,265
Tax effect on admissible expense	(240,265)
Tax on income under final tax regime	155,258
	<u>875,638</u>

27 EARNINGS PER SHARE - BASIC AND DILUTED

	2023	2022
Profit for the year-Rupees	<u>6,553,425</u>	<u>1,426,921</u>
Weighted Average Number of ordinary shares outstanding during the year-Numbers	<u>500,000</u>	<u>500,000</u>
Earnings per share-Rupees	<u>13.11</u>	<u>2.85</u>

28 NUMBER OF EMPLOYEES

	2023 (Number)	2022 (Number)
Total number of employees at the end of year	<u>14</u>	<u>13</u>
Average number of employees during the year	<u>14</u>	<u>13</u>

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2023		
	Chief Executive	Directors	Executives
	----- R u p e e s -----		
Managerial remuneration	<u>2,629,804</u>	<u>3,422,196</u>	<u>-</u>
Number of persons	<u>1</u>	<u>2</u>	<u>-</u>

	2022		
	Chief Executive	Directors	Executives
	----- R u p e e s -----		
Managerial remuneration	<u>1,428,000</u>	<u>3,924,000</u>	<u>-</u>
Number of persons	<u>1</u>	<u>2</u>	<u>-</u>

30 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Available for sale

Long term investment	<u>-</u>	<u>16,406,874</u>
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Fair value through profit or loss

Long term investment	<u>9,006,813</u>	<u>-</u>
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At ammortized cost

Long term deposits	1,811,000	5,808,500
Trade debts	10,558,623	19,829,139
Loans and advances	1,280,000	1,280,000
Trade deposits and short term prepayment	10,800,000	10,800,000
Cash and bank balances	<u>48,644,563</u>	<u>49,729,834</u>
	<u>73,094,186</u>	<u>87,447,473</u>

Financial liabilities

At amortized cost

Deposits, accrued liabilities and advances	445,464	100,000
Trade and other payables	<u>19,407,175</u>	<u>23,668,666</u>
	<u>19,852,639</u>	<u>23,768,667</u>

32 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.

33 GENERAL

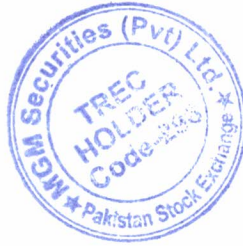
Figures have been rounded off to the nearest of rupee.

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.



Mob.



CHIEF EXECUTIVE



DIRECTOR

31 LIQUID CAPITAL BALANCE

The liquid capital balance has been prepared on the basis of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets							
1.1	Property & Equipment	Balance Sheet Value net of depreciation	100% of net value	Nil	13,918,898	13,918,898	-
1.2	Intangible Assets	Balance Sheet Value net of amortization	100% of net value	Nil	2,500,000	2,500,000	-
1.3	Investment in Govt. securities	Balance Sheet Value	Difference between book value and sale value on the date on the basis of PKRV published by NIFT	Sale value on the date on the basis of PKRV published by NIFT	-	-	-
1.4	Investment in debt securities	Balance Sheet Value net of any provision	If listed than i. 5% of the balance sheet value in the case of tenure up to 1 year ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years iii. 10% of the balance sheet value, in the case of tenure of more than 3 years. If unlisted than i. 10% of the balance sheet value in the case of tenure up to 1 year ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years iii. 15% of the balance sheet value, in the case of tenure of more than 3 years	Net amount after deducting provisions and haircuts	-	-	-
1.5	Investment in equity securities	Balance Sheet Value net of any provision	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher.	Net amount after deducting provisions and haircuts	-	-	-
			Provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital	Nil	9,006,813	9,006,813	-
			ii. If unlisted, 100% of carrying value		-	-	-
1.6	Investment in subsidiaries	Balance Sheet Value net of any provision	100% of net value	Nil	-	-	-
1.7	Investment in associated companies/undertaking	Balance Sheet Value net of any provision	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher ii. If unlisted, 100% of net value	Net amount after deducting provisions and haircuts	-	-	-
1.8	Statutory or regulatory deposits/ basic deposits with exchanges, clearing house or central depository or any other entity	Balance Sheet Value	100% of net value, however, any excess amount of cash deposited with securities exchange to comply with requirements of Base minimum capital, may be taken in the calculation of LC.	Nil, or any excess cash amount.	1,730,000	1,730,000	-
1.9	Margin deposits with exchange and clearing house	Balance Sheet Value	Nil	Balance Sheet Value	10,800,000	-	10,800,000

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1 10	Deposit with authorized intermediary against borrowed securities under SLB	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1 11	Other deposits and prepayments	Balance Sheet Value	100% of carrying value	Nil	2,312,286	2,312,286	-
1 12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc	Balance Sheet Value	Nil 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	Balance Sheet Value	-	-	-
1 13	Dividends receivables	Balance Sheet Value	Nil	Balance Sheet Value	-	-	-
1 14	Amount receivable against Repo financing	Balance Sheet Value	Amount paid as purchaser under the REPO agreement Securities purchased under repo arrangement shall not be included in the investments	Balance Sheet Value	-	-	-
1 15	Advances and Receivables other than trade receivables	Balance Sheet Value	1. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months 2. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation 3. In all other cases, 100% of net value	Adjusted Value	1,346,500	1,346,500	-
1 16	Receivables from clearing house or securities exchange(s)	Balance Sheet Value	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains	Lower of net balance sheet value or value determined through adjustments	8,462,267	-	8,462,267
1 17	Receivables from customers	Balance Sheet Value net of provisions	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VaR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut	i. Lower of net balance sheet value or value determined through adjustments	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	ii. In case receivables are against margin trading, 5% of the net balance sheet value	ii. Net amount after deducting haircut	-	5%	-
	Receivables from customers	Balance Sheet Value net of provisions	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	iii. Net amount after deducting haircut	-	-	-
	Receivables from customers	Balance Sheet Value net of provisions	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	iv. Balance sheet value	113,629	-	113,629
	Receivables from customers	Balance Sheet Value net of provisions	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VaR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	v. Lower of net balance sheet value or value determined through adjustments	1,793,760	-	1,793,760

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Receivables from related parties	Balance Sheet Value net of provisions	vi. In the case of amount of receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Up to 30 days, values determined after applying VaR based haircuts; b. Above 30 days but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable	vi. [Lower of net balance sheet values or values determined through adjustments]	-		
					-	50%	-
					188,967	100%	-
1 18	Cash and bank Balances	i. Bank balance – Proprietary accounts	Nil	Balance sheet value	35,371,059	-	35,371,059
		ii. Bank balance – Customer accounts	Nil	Balance sheet value	13,260,623	-	13,260,623
		iii. Cash in hand	Nil	Balance sheet value	12,881	-	12,881
1 19	Subscription money against investment in IPO/ offer for sale (asset)	Balance Sheet Value	i. No haircut may be applied in respect of amount paid as subscription money provided that shares have not [been allotted or are not included in the investments of securities broker. ii. In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right shares	Balance sheet value or Net value after deducting haircuts.	-	-	-
1 20	Total Assets	Balance Sheet Value		Adjusted Value	100,817,683		69,814,219
2. Liabilities							
2 1	Trade payables	i. Payable to exchanges and clearing house	Nil	Balance sheet value	-	-	-
		ii. Payable against leveraged market products			-	-	-
		iii. Payable to customers			19,407,175	-	19,407,175
2 2	Current Liabilities	i. Statutory and regulatory dues	Nil	Balance sheet value	484,728	-	484,728
		ii. Accruals and other payables			445,464	-	445,464
		iii. Short-term borrowings			-	-	-
		iv. current portion of subordinated loans			-	-	-
		vi. Deferred liabilities			-	-	-
		vii. Provision for Taxation			-	-	-
		viii. other liabilities as per accounting principles and included in the financial statements			-	-	-
2 3	Non-current liabilities	i. Long-term financing	1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. 2. Nil in all other cases	Nil or Balance sheet Value as the case may be	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		ii. Staff retirement benefits iii. other liabilities as per accounting principles and included in the financial statements			- 2,697,817	- -	- 2,697,817
2.4	Subordinated Loans	Balance Sheet Value	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	Net value after deducting adjustments, [if any]	-	-	-
2.5	Advance against shares for increase in capital of securities broker	Balance Sheet Value	100% Haircut may be allowed in respect of advance against shares if: (a) The existing authorized share capital allows the proposed enhanced share capital (b) Board of Directors of the company has approved the increase in capital (c) Relevant Regulatory approvals have been obtained (d) There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed (e) Auditor is satisfied that such advance is against the increase of capital.	Net amount after deducting haircuts	-	-	-
2.6	Total Liabilities	Balance Sheet Value		Adjusted Value	23,035,185		23,035,184
3. Ranking Liabilities relating to							
3.1	Concentration in margin financing	Nil	The amount calculated [on] client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million Note: Only amount exceeding by 10% of each financee from aggregate amount shall be included in the ranking liabilities	Amount as determined through adjustment	-	-	-
3.2	Concentration in securities lending and borrowing	Nil	The amount by which the aggregate of (i) amount deposited by the borrower with NCCPL, (ii) cash margins paid and (iii) the market value of securities pledged as margins exceed the 110% of the market value of shares borrowed [Note: Only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities.]	Amount as determined through adjustment	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.3	Net underwriting Commitment s	Nil	(a) in the case of rights issue: if the market value of securities is less than or equal to the subscription price, the aggregate of (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitment exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment (b) in any other case: 12.5 % of the net underwriting commitments	Amount as determined through adjustment	-	-	-
3.4	Negative equity of subsidiary	Nil	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	Amount as determined through adjustment	-	-	-
3.5	Foreign exchange agreements and foreign currency positions	Nil	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	Amount as determined through adjustment	-	-	-
3.6	Amount payable under REPO	Balance sheet value	Carrying value	Carrying value	-	-	-
3.7	Repo adjustment	Nil	In the case of financier/ purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/ seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser	Amount as determined through adjustment	-	-	-
3.8	Concentrated proprietary positions	Nil	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market value of a security exceeds 51% of the proprietary position, then 10% of the value of such security.	Amount as determined through adjustment	-	-	-

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.9	Opening Positions in futures and options	Nil	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	Amount as determined through adjustment	-	-	-
3.10	Short sell positions	Nil	i. In case of customer positions, The market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts	Amount as determined through adjustment	-	-	-
3.11	Total Ranking Liabilities			Total determined amount	-		-

Liquid Balance Balance

77,782,499

46,779,035

46,779,035

32 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.

33 GENERAL

Figures have been rounded off to the nearest of rupee.

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 26 SEP 2023 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR



Way.

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CERTIFICATE OF CAPITAL ADEQUACY LEVEL

We, being the statutory auditor of M/s. MGM Securities (Private) Limited, certify that the following information is correct and authenticated by us after due diligence from our side as at June 30, 2023.

	Note	<u>RUPEES</u>
Total Assets	1	100,817,683
Less: Total Liabilities		23,035,184
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		<u><u>77,782,499</u></u>

Note:

1. While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by such Participant as at year ended June 30, 2023 as determined by Pakistan Stock Exchange has been considered.
2. Certificate of Capital Adequacy Level is an integral part of the financial statements for the year ended June 30, 2023.


CHARTERED ACCOUNTANTS

Dated: **26 SEP 2023**