31 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

32 NUMBER OF EMPLOYEES

	Jun-24 Number	Jun-23 Number
Total employees of the Company at the year end	3	15
Average employees of the Company during the year	3	15

33 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

34 GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

35 AUTHORIZATION

35.1 These financial statements were authorized for issue on October 07, 2024 by the Board of Directors of the Company.

Chief Executive Officer

Director

29 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level follows the table.

Recurring FV Measurement - June 30, 2024	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	5,611,475	-	**5,611,475**
Short-term investment - available-for-sale	-	-	-	**-**
Short-term investments - at FVTPL	19,598,144	-	-	**19,598,144**
Recurring FV Measurement as at June 30, 2023				
Long-term investment - at FVOCI	-	9,006,813	-	**9,006,813**
Short-term investment - available-for-sale	-	-	-	**-**
Short-term investments - at FVTPL	17,000,009	-	-	**17,000,009**

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- Level 1: Quoted market price (unadjusted) in an active market
- Level 2: Valuation techniques based on observable inputs
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

There were no transfers into or out of Level 1 measurements.

30 CAPITAL MANAGEMENT

30.1 The Company objectives when managing capital are to safeguard the company's ability as a going concern.In order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

30.2 CAPITAL ADEQUACY

The Capital Adequacy level as required by CDC is Calculated as Follows	Notes	Amount (Rupees)
Total Assets	*30.2.1*	37,296,445
Less: Total Liabilities		(5,598,056)
Capital Adequacy Level		**31,698,389**

30.2.1 While determining the value of the total assets of the TREC Holder, Notional value of TREC Certificate held by SHAFFI SECURITIES (PVT) LIMITED as at year ended June 30th, 2024 as determined by Pakistan Stock Exchange has been considered.

Measures taken by management to manage and mitigate credit risk include:
- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below,

	Jun-2024	Jun-2023
Long term investment	5,611,475	9,006,813
Long term deposits	3,656,024	4,056,024
Trade debtors	(0)	52,507
Prepayments and advances	1,705,147	8,302,400
Short term investments	19,598,144	17,000,009
Cash and bank balances	180,799	494,979
	30,751,589	38,912,733

27.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

The table below classifies the Company's financial liabilities into relevant maturity groupings based on the time to contractual maturity date, as at the balance sheet date. The amounts in the table are contractual undiscounted cash flows.

Financial liabilities	As at June 30, 2024		
	Carrying amount	Within one year	More than one year
Loan from Directors	2,950,000	-	2,950,000
Short term borrowings	1,163,512	1,163,512	-
Trade and other payables	1,127,237	1,127,237	-
Total	**2,290,749**	**2,290,749**	**-**

Financial liabilities	As at June 30, 2023		
	Carrying amount	Within one year	More than one year
Loan from Directors	2,950,000	-	2,950,000
Short term borrowings	2,508,715	2,508,715	-
Trade and other payables	1,827,719	1,827,719	-
Total	**4,336,434**	**4,336,434**	**-**

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfil its obligations as they come due.

28 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

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27 FINANCIAL RISK MANAGEMENT

27.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

27.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuer of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.
Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

27.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

27.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

27.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

27.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequency holds collateral against potential credit losses.

26 FINANCIAL INSTRUMENTS BY CATEGORY

	Jun-2024			
	Amortized cost	FVOCI	FVTPL	Total
	Rupees			
ASSETS				
Non-current assets				
Long term deposits	3,656,024	-	-	**3,656,024**
Long term investment	-	5,611,475	-	**5,611,475**
Current assets				
Short-term investments	-	-	19,598,144	**19,598,144**
Prepayments and advances	1,705,147	-	-	**1,705,147**
Cash and bank balances	180,799	-	-	**180,799**
LIABILITIES				
Non current liabilities				
Loan from Directors	2,950,000	-	-	**2,950,000**
Current liabilities				
Trade and other payables	1,127,237	-	-	**1,127,237**
Short term borrowings	1,163,512	-	-	**1,163,512**

	Jun-2023			
	Amortized cost	FVOCI	FVTPL	Total
	Rupees			
ASSETS				
Non-current assets				
Long-term deposits	4,056,024	-	-	**4,056,024**
Long term investment		9,006,813	-	**9,006,813**
Current assets				
Short-term investments	-	-	17,000,009	**17,000,009**
Trade debtors	52,507	-	-	**52,507**
Prepayments and advances	8,302,400	-	-	**8,302,400**
Cash and bank balances	494,979	-	-	**494,979**
LIABILITIES				
Non current liabilities				
Loan from Directors	2,950,000	-	-	**2,950,000**
Current liabilities				
Trade and other payables	1,827,719	-	-	**1,827,719**
Short term borrowing	2,508,715	-	-	**2,508,715**

19 OPERATING REVENUE

	Note	Jun-2024 Rupees	Jun-2023 Rupees
Brokerage income		179,132	629,293
Less: Sales tax on services		(24,708)	(100,687)
Net Brokerage Commission excluding sales tax on services		**154,424**	**528,606**
Dividend income		2,341,384	7,758,408
		2,495,808	**8,287,014**

20 OPERATING & ADMINISTRATIVE EXPENSES

	Note	Jun-2024	Jun-2023
Director's Salary		614,400	1,872,000
Staff Salaries & Other Benefits		1,572,600	1,887,500
Electricity/ Water/ Gas		315,535	596,885
Other Expenses		175,885	709,669
Regulatory charges		422,222	668,453
Communication		137,588	130,465
Stationery/ Printing/ Photocopies/ Office Supplies		6,200	-
Rates/ Taxes/ Cess		71,604	-
Repair / Maintenance		10,560	7,750
Provision For Doubtful Debts	9.2	42,988	61,580
Auditor's remuneration	20.1	150,000	150,000
Depreciation	5	58,475	65,012
		3,578,057	**6,149,314**

20.1 Auditor's remuneration

	Jun-2024	Jun-2023
Statutory audit	150,000	150,000
	150,000	**150,000**

21 FINANCIAL CHARGES

	Jun-2024	Jun-2023
Mark-up on interest-bearing loans	124,119	267,536
Bank and other charges	94,805	36,136
	218,924	**303,672**

22 OTHER INCOME / (LOSSES)

Income from financial assets
Mark-up on:

	Jun-2024	Jun-2023
Mark up on RMS exposure	333,502	138,638
	333,502	**138,638**

23 TAXATION

	Jun-2024	Jun-2023
for the year	367,648	1,571,146
prior years	(286,373)	-
	81,275	**1,571,146**

The tax provision made in the financial statements is considered sufficient.

24 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

	Jun-2024	Jun-2023
Profit / (loss) after taxation, attributable to ordinary shareholders	(1,564,755)	(16,150,715)
Weighted average number of ordinary shares in issue during the year	15,610,000	15,610,000
Earnings per share	**(0.10)**	**(1.03)**

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	Jun-24		Jun-23	
	Remuneration	No. of person	Remuneration	No. of person
Chief Executive Officer	614,400	1	624,000	1
Director	-	1	1,248,000	1

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13.3 Pattern of Shareholding

	Number of Shares		Percentage	
	Jun-24	Jun-23	Jun-24	Jun-23
M. Ilyas Shafi	1,440,000	1,440,000	9.22%	9.22%
M. Ashfaq Shafi	8,503,000	8,503,000	54.47%	54.47%
M. Ishtiaq Shafi	374,000	374,000	2.40%	2.40%
M. Altaf Shafi	4,242,500	4,242,500	27.18%	27.18%
M. Ikhlaq Shafi	407,000	407,000	2.61%	2.61%
Samina Akhtar	209,500	209,500	1.34%	1.34%
Shazia Naz	76,000	76,000	0.49%	0.49%
Mrs Afshan Altaf	76,000	76,000	0.49%	0.49%
Nabeela Ilyas	70,000	70,000	0.45%	0.45%
Riffat Zulfiqar	65,750	65,750	0.42%	0.42%
Iffat Shaheen	65,750	65,750	0.42%	0.42%
Mian M Yaqoob	40,000	40,000	0.26%	0.26%
Shahzadi Begum	40,000	40,000	0.26%	0.26%
Mian M Shafi	500	500	0.00%	0.00%
	15,610,000	**15,610,000**	**100%**	**100%**

	Note	Jun-2024 Rupees	Jun-2023 Rupees
14 LONG TERM FINANCING			
Loan from Directors - unsecured		2,950,000	2,950,000
		2,950,000	**2,950,000**

14.1

This represents a subordinated, interest-free loan obtained from Directors of the Company to fund the working capital and other needs. Documented terms of the loan indicate that the loan is not repayable until after June 30, 2024. Repayment terms of the loan are such that the discounted value of the loan approximates proceeds received and, accordingly, the liability has been recorded at proceeds received. During the year the company paid the liability.

15 TRADE AND OTHER PAYABLES

	Note	Jun-2024 Rupees	Jun-2023 Rupees
Trade creditors	15.1	463,036	607,875
Accrued expenses		165,500	587,056
Worker welfare fund-Punjab		323,624	323,624
Auditor's remuneration payable		150,000	300,000
Other payables		25,077	9,164
		1,127,237	**1,827,719**

15.1 This includes nil amount due to the related parties.

16 SHORT TERM BORROWINGS

	Note	Jun-2024 Rupees	Jun-2023 Rupees
From:			
Running Finance	16.1	1,163,512	2,508,715
		1,163,512	**2,508,715**

16.1 The Company has secured a running finance facility from Bank Al Habib Limited to meet working capital requirements. The facility, with a limit of PKR 5 million, carries mark-up at the rate of 3-month KIBOR + 2.5% per annum, payable quarterly. The facility is secured against pledged shares as well as the personal guarantee of all of the Company's Directors.

17 PROVISION FOR TAXATION

	Jun-2024 Rupees	Jun-2023 Rupees
Opening balance(as at July 01)	1,571,146	-
Add/(less): Current Year Provision	357,307	1,571,146
Add/(Less): Adjustment against last year provision	(286,373)	-
	1,642,080	**1,571,146**
Less: Adjustment against prior year provision advance tax	(1,284,773)	-
Closing balance(as at June 30)	**357,307**	**1,571,146**

18 CONTINGENCIES AND COMMITMENTS

18.1 The Company made a deposit with LSE Financial Services Limited in the amount of PKR 1,206,024 to secure rooms in Faisalabad and Sialkot. Due to ongoing litigation with respect to the space, there is a contingency associated with the amount. Management is expectant of either full recovery or obtaining room rights. Should neither of these outcomes materialize, Management intends to enforce recovery through all legal means available.
Other than the afore-noted, there are no contingencies or commitments of the Company as at June 30, 2024

	Note	Jun-2024 Rupees	Jun-2023 Rupees
9.2 Movement in provision against trade debts is as under:			
Opening balance (as at July 1)		185,117	123,537
Add: Allowance for expected credit loss		42,988	61,580
		228,105	**185,117**
Less: Amounts written off during the year		-	-
Closing balance (as at June 30)		**228,105**	**185,117**

9.3 Aging Analysis

The aging analysis of trade debts is as follows:

	Jun-2024	Jun-2023
Upto Fourteen days	-	52,507
More Than 360 days	228,105	185,117
	228,105	**237,624**

10 PREPAYMENTS AND ADVANCES

	Jun-2024	Jun-2023
Margin deposit		
Receivable from NCCPL	-	4,929,746
Receivable from Eclear	-	1,190,854
Income Tax refundable	403,214	-
	1,301,934	2,181,799
	1,705,147	**8,302,400**

10.1 INCOME TAX REFUNDABLE

	Jun-2024	Jun-2023
Opening balance (as at July 1)	2,181,799	588,394
Add: Current year additions	404,907	1,593,405
	2,586,707	**2,181,799**
Less: Adjustment against provision for taxation	(1,284,773)	-
Closing balance (as at June 30)	**1,301,934**	**2,181,799**

11 SHORT TERM INVESTMENTS

Investments at fair value through profit or loss

	Jun-2024	Jun-2023
Investments in listed securities	19,598,144	17,000,009
	19,598,144	**17,000,009**

11.1 Shares with fair value of PKR 11,030,794 (2023: PKR 11,932,091) have been pledged with commercial banks for obtaining finance facilities, NCCPL and PSX against margin requirements and no client shares pledge with Bank.

12 CASH AND BANK BALANCES

	Note	Jun-2024	Jun-2023
Cash in hand		154,269	65,489
Cash at bank			
Client Accounts	12.1	10,134	364,018
House Accounts		16,396	65,472
		180,799	**494,979**

12.1 Cash at bank includes customers' assets in the amount of PKR 10,134 (2023: PKR 364,018) held in designated bank accounts.

12.2 Client Balances & Share Holding transfer to E-clear at time of shifting to Trade only Category.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

13.1 Authorized capital

	Jun-2024	Jun-2023
17,000,000 (2023: 17,000,000) ordinary shares of PKR 10 each.	**170,000,000**	**170,000,000**

13.2 Issued, subscribed and paid-up share capital

	Jun-2024	Jun-2023
12,110,000 (2023: 12,110,000) ordinary shares of PKR 10/- each, issued for cash	121,100,000	121,100,000
3,500,000 (2023: 3,500,000) ordinary shares of PKR 10/- each, issued for consideration other than cash.	35,000,000	35,000,000
	156,100,000	**156,100,000**

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	Note	Jun-2024 Rupees	Jun-2023 Rupees
6 INTANGIBLE ASSETS			
Trading Rights Entitlement Certificate ("TREC")	6.1	1,920,000	1,920,000
Rooms - PSX		3,100,000	3,100,000
PMEX Membership Card		1,000,000	1,000,000
		6,020,000	**6,020,000**
Impairment		-	-
		6,020,000	**6,020,000**

6.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. PSX vide notice. PSX/N-225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million due to this reason no Impairment is required.

6.2 This represent cost of rooms given by Lahore Stock Exchage with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

7 LONG-TERM INVESTMENTS

	Jun-2024	Jun-2023
Investments at fair value through OCI		
Long Term Investments	9,006,813	16,406,874
Adjustment for remeasurement to fair value	(3,395,339)	(7,400,061)
	5,611,475	**9,006,813**

7.1 During the year, LSE Proptech Limited demerged into LSE Capital Limited and the Company received 245,294 of LSE Capital Limited and 842,810 shares of LSE Ventures Limited as per the demerger scheme. The said new shares have been measured at their fair value (i.e. quoted price) at the reporting date.

2024	2023	Name of Investee	2024	2023
Number of shares			Market value in	
245,294	295,535	LSE CAPITAL LIMITED	765,317	1,421,523
842,810	842,810	LSE VENTURES LIMITED	4,846,158	7,585,290
1,088,104	**1,138,345**		**5,611,475**	**9,006,813**

The shares amounting to Rs: 3,366,887 pledge with PSX against BMC.

8 LONG-TERM DEPOSITS

	Jun-2024	Jun-2023
Trading floors	1,156,024	1,156,024
Building deposits with PMEX	2,500,000	2,500,000
Deposit With NCCPL	-	400,000
	3,656,024	**4,056,024**

9 TRADE DEBTS

	Note	Jun-2024	Jun-2023
Considered good	9.1	228,105	52,507
Considered doubtful		-	185,117
		228,105	**237,624**
Less: Provision for doubtful debts	9.2	(228,105)	(185,117)
		(0)	**52,507**

9.1 The Company holds client-owned securities with a total fair value of nil (2023: PKR 6,110,630) as collateral against trade debts. Refer to note 4.7 for details around the Company's methodology for computing estimated credit losses under the expected loss model under IFRS 9

Trade debts include nil receivable from the related parties

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5 PROPERTY AND EQUIPMENT

2024	Furniture & Fixtures	Office Equipment	Vehicles	Total
As at July 1, 2023				
Cost	364,230	3,501,004	223,000	**4,088,234**
Accumulated Depreciation	(330,117)	(2,953,205)	(221,581)	**(3,504,903)**
Net book value	34,113	547,800	1,419	**583,331**
Movement during the period				
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the period	3,411	54,780	284	**58,475**
As at June 30, 2024				
Cost	364,230	3,501,004	223,000	**4,088,234**
Accumulated Depreciation	(333,529)	(3,007,985)	(221,865)	**(3,563,378)**
Net book value	**30,701**	**493,020**	**1,135**	**524,856**
Depreciation rate per annum	**10%**	**10%**	**20%**	

2023	Furniture & Fixtures	Office Equipment	Vehicles	Total
As at July 1, 2022				
Cost	364,230	3,501,004	223,000	4,088,234
Accumulated Depreciation	(326,327)	(2,892,338)	(221,226)	(3,439,892)
Net book value	37,903	608,666	1,774	648,343
Movement during the period				
Additions	-	-	-	-
Disposals				
Cost		-	-	-
Depreciation		-	-	-
Depreciation charge for the period	3,790	60,867	355	65,012
As at June 30, 2023				
Cost	364,230	3,501,004	223,000	4,088,234
Accumulated Depreciation	(330,117)	(2,953,205)	(221,581)	(3,504,903)
Net book value	**34,113**	**547,800**	**1,419**	**583,331**
Depreciation rate per annum	**10%**	**10%**	**20%**	

4.17 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

4.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

4.19 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

4.20 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

4.21 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

4.22 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

4.23 Settlement Date Accounting

All "Regular Way" Purchases and Sales of financial assets are recognized on settlement date on which the company commits to purchase and sale of financial assets through E-clear. The Company clients and propriety settlement performed by E-clear, because company shifted its category to Trade only and no client balance and share lying with the company. All client balances and share custody shifted to E-clear. Now, all sale and Purchase recognized by E-clear.

of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.14 Revenue recognition

Revenue is recognized to the extent that it is probable that 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. Revenue is recognized on the following basis:

- Brokerage and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from marking to market financial assets are included in profit and loss (for assets measured at FVTPL) or OCI (for assets measured at FVOCI) during the period in which they arise.
- Income / profit on exposure deposits is recognized using the effective interest rate.

4.15 Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

4.16 Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

of transaction costs) and the redemption value is recognized in the statement of profit or loss account over the period of the borrowings using the effective interest method.

4.10 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

4.11 Staff retirement benefits

The Company did not have any retirement benefits plan.

4.12 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 statement of profit or loss account, except in the case

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Company makes this assessment on an individual asset basis, after consideration of multiple historical and forward-looking factors. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Company's processes and procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount - defined as the higher of the asset's fair value less costs of disposal and the asset's value-in-use (present value of estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risk) - is estimated to determine the extent of the impairment loss.

For the purpose of assessing impairment, assets are grouped into cash-generating units: the lowest levels for which there are separately identifiable cash flows.

4.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal 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.

4.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at amortised cost using the effective interest rate method.

Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

4.9 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognized in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit and loss account.

4.5.4 Impairment

Financial assets

The Company applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for financial assets measured at amortized cost. The Company's expected credit loss impairment model reflects the present value of all cash shortfalls related to default events, either over the following twelve months, or over the expected life of a financial instrument, depending on credit deterioration from inception. The allowance / provision for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

Where there has not been a significant decrease in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.

When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, or when a financial instrument is considered to be in default, expected credit loss is computed based on lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue effort or cost. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessments, including forward-looking information.

Forward-looking information includes reasonable and supportable forecasts of future events and economic conditions. These include macro-economic information, which may be reflected through qualitative adjustments or overlays. The estimation and application of forward-looking information may require significant judgment.

initial recognition. Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

4.5.2 Initial recognition

The Company recognizes an investment when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own (the house) investments. Trade date is the date on which the Company commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

4.5.3 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

"Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the profit and loss account.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other

4.3 Investment property

Investment properties are held for capital appreciation and are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value are recognized in the statement of profit or loss.

4.4 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the associate's post-acquisition profits or losses in income, and its share of the post-acquisition movement in reserves is recognized in other comprehensive income.

4.5 Financial instruments

4.5.1. The Company classifies its financial assets in the following three categories:

(a) Financial assets measured at amortized cost;
(b) Financial assets measured at fair value through other comprehensive income (FVOCI); and
(c) Financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(ii) It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at and maintenance are charged to the statement of profit or loss account during the year in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 5 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2023 did not require any adjustment.

4.2 Intangible assets

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit and loss account during the year in which the assets are disposed of.

4.2.1 Membership cards 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.

investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the company There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the company's financial statements and operations and, therefore, have not been disclosed in these financial statements. IFRS 8: Operating Segments An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The company applied IFRS 8 and presented income from its business segments as per the requirements of the standard. The main operating segments identified are: Brokerage The brokerage activities include services provided in respect of share brokerage, money market brokerage, forex brokerage, commodity brokerage and share subscription commission. Financial Advisory It consists of advisory and consultancy to various clients. During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the guidance, the Company has changed its accounting policy to recognize minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognized as 'Income tax'

3.5.2. New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet

There are a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

The above amendments are not likely to affect the financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs

- Short Term Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

3.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

3.4 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience as well as expectations of future events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are as follows:

(i) Estimates of useful lives and residual values of items of property, plant and equipment (Note 5);
(ii) Estimates of useful lives of intangible assets (Note 6);
(iii) Allowance for credit losses (Note 4.5.4);
(iv) Fair values of unquoted equity investments (Note 7);
(v) Classification, recognition, measurement / valuation of financial instruments (Note 4.5); and
(vi) Provision for taxation (Note 17);

3.5 New accounting pronouncements

3.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning June 30, 2024:

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to

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SHAFFI SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

SHAFFI SECURITIES (PVT.) LIMITED (the "Company") was incorporated in Pakistan on **June 02, 1997** as a private limited company, limited by shares, under the Companies Ordinance 1984 (Now Companies Act. 2017). The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited.

The Company is principally engaged in brokerage of shares, stocks, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2. The geographical location of Company's offices are as follows:

Registered Office: Room No. 201,2nd Floor Pakistan Stock Exchange Building,19 Khayaban-e-Aiwan-e-Iqbal, Lahore

Corporate Office: Room No. 201,2nd Floor Pakistan Stock Exchange Building,19 Khayaban-e-Aiwan-e-Iqbal, Lahore

3. BASIS OF PREPARATION

3.1 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 as applicable in Pakistan comprise of:

- 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, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations").

In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

3.2 Accounting convention

These financial statements have been prepared on settlement base under the historical cost convention, except:

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