

# Annual Report 2023



Abbasi and Company (Pvt.) Limited ("ACPL" or "The Company") is one of the pioneers of the brokerage industry in the north region primarily serving the investors for over several decades. The management carries a good educational profile and possesses the necessary experience to better serve the ever-growing Capital Market and the investors.

## **DIRECTORS' REPORT**

### **Economic Outlook**

Pakistan's strong post-pandemic recovery came to a halt in FY23 with the large accumulated economic imbalances and a series of domestic and external economic shocks. Pressure on domestic prices, external and fiscal balances, the exchange rate and foreign exchange reserve mounted amid surging world commodity prices, global monetary tightening, flooding and domestic political uncertainty. Economic activity collapsed due to import control, exchange rate fixing and up interest payments

Overall, real gross domestic product (GDP) is estimated to have declined by 0.6 percent in FY23 after growing by the 6.1 percent in FY22 and 5.8 percent in FY21.

Economic growth is expected to remain sluggish and downside risks to the outlook will remain exceptionally high. The approval of the International Monetary Fund (IMF) Stand-By Arrangement (SBA) in July 2023 unlocked new external financing and averted a balance of payments crisis. Even with the SBA, reserves are expected to remain low, necessitating continued import controls and constraining economic recovery. Real GDP growth is projected to reach only 1.7 percent in FY24 and 2.3 percent in FY25. The agriculture sector is expected to recover on the back of higher production of important crops, including cotton and rice. Marginal easing of import restrictions is expected to support some recovery in the industrial sector, particularly large-scale manufacturing. Flow-on impacts from the strengthening agriculture and industrial sectors will support a revival in associated services sectors including wholesale and retail trade, and transport and storage. However, high inflation due to increasing domestic energy prices and continued depreciation is likely to keep economic activity subdued. Recovery in private investment and exports will be marginal in the absence of broader reforms. With the resumption of growth, poverty expected to decline to 37.2 percent in FY24.



## **OPERATING AND FINANCIAL RESULT**

Abbasi & Company (Private) Limited "ACPL" is the TREC Holder of Pakistan Stock Exchange Limited and Universal Member of Pakistan Mercantile Exchange Limited and Company engaged in business of brokerage. The Board and Management of the Company is continually reviewing its business strategy to hold the opportunity, avoid concentration-risk, alternative revenue streams with well aware of the current challenges.

	<b>FY 2022-23</b>	<b>FY 2021-22</b>
	<b>Rs. In 000</b>	<b>Rs. In 000</b>
Revenue	34,354	47,803
Other Income / (Loss)	4,196	(11,013)
Total Revenue	38,550	36,790
Operating Expenditure	(78,313)	(82,977)
Finance Cost	(57)	(73)
Profit/(Loss) Before Taxation	(39,820)	(46,260)
Taxation	(713)	(1,107)
Profit/(Loss) After Taxation	(40,533)	(47,367)
Earning/(Loss) Per Share	(5.78)	(6.76)

During the financial year ending, June 30, 2023, Abbasi & Company (Private) Limited (ACPL) earned total revenue of Rs.38.550 million, which include realized and unrealized capital loss from listed securities of Pakistan Stock Exchange Limited (PSX), as compared to Rs.36.790 million last year's comparative period, i.e., an increased of Rs.1.760 million. The revenue was mainly generated from shares trading in listed companies of PSX, return from house deposits into the bank and exposure deposit to the PSX and return from MTS as Financier. The administrative expenses and finance cost were Rs.78.313 million, i.e., and decreased by Rs.4.663 million or 4.565% last year comparative period. The Company loss before taxation of Rs.-39.820 million for the period under review, which is loss of Rs.-46.260 million, as compared to comparative period of the last year. Furthermore, loss after tax is also decreased by Rs.6.833 million, as compared to comparative loss of Rs.-47.367 million from last year.

Loss Per Share (Basic & Diluted) for the period ended June 30, 2023 was recorded as Rs.(5.78) per share against Rs.(6.76) loss per share (Basic & Diluted) of last year's comparative period.

### **External Auditor**

The present M/S Parker Russell-A.J.S., Chartered Accountants, is the retiring Auditors of the Company and being eligible have offered themselves for appointment as Auditors for the year ending June 30, 2023.

### **Internal Control**

The Board of the Company is responsible for the establishment and maintenance of the Company's system of internal control in order to identify and manage risks faced by the Company.



The Company has outsourced its Internal Audit functions to M/S Fazal Mahmood & Company, Chartered Accountants.

The Board is confident that the system of internal control is sound in design and has been effectively implemented and monitored.

#### **Credit Rating**

During the period, Pakistan Credit Rating Agency Limited (PACRA) maintained Broker Fiduciary Rating as BFR2 to Abbasi & Company (Private) Limited and outlook on the assigned rating is 'Stable' on date of June 23, 2023.

During the period, Pakistan Credit Rating Agency Limited (PACRA) maintained Broker Management Rating as BMR2 to Abbasi & Company (Private) Limited and outlook on the assigned rating is 'Stable' on date of June 24, 2022.

#### **Cash Dividend**

In view of the company's financial results, the director has not recommended declaring any dividends.

#### **Statement of Compliance with Corporate Governance Code**

The Company has prepared a "Code of Ethics" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. Furthermore, the Company is compliant with the requirement as mentioned in the Corporate of Governance Code.

#### **Corporate Social Responsibility (CSR)**

As part of CSR activities, the Company allocated an aggregate amount of Rs.632,892/- during the financial year 2022-2023 to Saylani Welfare Trust to support the noble cause for humanity.

#### **Future Outlook**

Abbasi & Company's senior management are always committed better to serving the ever-growing Capital Market and the investors. Recently, we have revamped our website and mobile application "Trade In" with a user-friendly interface to provide clients with the facility of online trading while a research department is also present.

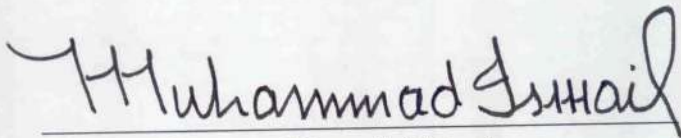
Brokerage revenue has declined for FY23 due to a fall in market volumes, leaving an impact on profitability. In current FY24 we are also restructuring the company's revenue in the form of MTS services as a financier and with PMEX.

**Acknowledgment**

The Board of Directors express its sincerest appreciation to the employees for their dedication and hard work and to our clients and shareholders for their support and confidence. We also acknowledge the valuable contribution and active role of the members of the Board Committees in supporting and guiding the management on every issue.

We Continue to pray to ALLAH for the success of our Company and for the benefit of all employees, and the country in general. (Ameen)

For and on behalf of the Board of Directors  
Abbasi & Company (Private) Limited



Syed Muhammad Ismail Abbasi  
Chief Executive Officer  
Lahore.  
October 05<sup>th</sup>. 2023



**ABBASI & COMPANY**  
**(PRIVATE) LIMITED**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**



**Parker Russell-A.J.S.**

**CHARTERED ACCOUNTANTS**

(Formerly Known as Parker Randall- A.J.S)

33-A/1, Queens Road, Behind  
Queens Centre, Lahore Pakistan.  
Tel: +(92) 42-36299246 36307841  
Mob: 0321-8413497  
Email: fiqbalkhawaja@gmail.com  
URL: www.parkerrussell.pk  
Other Offices: Faisalabad,  
Islamabad, Karachi & UK

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBASI & COMPANY (PRIVATE) LIMITED**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other 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 Accountant's Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include financial statements and our auditor's report thereon.

Our opinion on 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 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 material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



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### **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 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.







## Parker Russell-A.J.S.

CHARTERED ACCOUNTANTS

(Formerly Known as Parker Randall- A.J.S)

33-A/1, Queens Road, Behind  
Queens Centre, Lahore Pakistan.  
Tel: +(92) 42-36299246 36307841  
Mob: 0321-8413497  
Email: fiqbalkhawaja@gmail.com  
URL: www.parkerrussell.pk  
Other Offices: Faisalabad,  
Islamabad, Karachi & UK

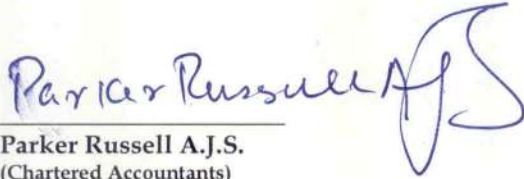
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### 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
- 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 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; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980, (XVIII of 1980).
- e) The company was in compliance with the requirement of section 78 of the Securities Act, 2015 and section 62 of the Future Market Act, 2016 and the relevant requirements of Securities Broker (Licensing and Operations) Regulations, 2016 and the Futures Brokers (Licensing and Operations) Regulations, 2018 as at the date on which the financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Faisal Iqbal Khawaja**.

  
Parker Russell A.J.S.  
(Chartered Accountants)

Place: Lahore

Date: October 05, 2023

UDIN: AR2023101732gvyf7bD8



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**ABBASI & COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023	2022
		Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	213,273,060	217,496,444
Intangible assets	7	2,795,227	1,651,932
Long term investments	8	12,609,548	23,842,294
Long term deposits	9	5,361,700	5,441,700
Deferred tax assets	10	-	-
		<b>234,039,535</b>	<b>248,432,370</b>
<b>Current assets</b>			
Trade receivables - net	11	4,397,736	3,599,549
Advances, deposits, prepayments and other receivables	12	57,778,541	46,122,083
Short term investments	13	36,821,880	46,808,267
Tax refunds due from government	14	7,127,852	6,803,600
Cash and bank balances	15	106,449,392	189,455,458
		<b>212,575,401</b>	<b>292,788,957</b>
<b>Total assets</b>		<b>446,614,936</b>	<b>541,221,327</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		<b>200,000,000</b>	<b>200,000,000</b>
20,000,000 Ordinary shares of Rs. 10 each.			
Issued, subscribed and paid up share capital	16	70,110,000	70,110,000
Share premium	17	98,350,000	98,350,000
General reserves	18	200,000,000	200,000,000
Fair value reserves		(3,327,302)	19,106,394
Retained earnings		(8,863,847)	20,469,193
		<b>356,268,851</b>	<b>408,035,587</b>
<b>Current liabilities</b>			
Trade and other payables	19	90,346,085	133,185,740
		<b>90,346,085</b>	<b>133,185,740</b>
Contingencies and commitments	20	-	-
<b>Total equity and liabilities</b>		<b>446,614,936</b>	<b>541,221,327</b>

The annexed notes, from 1 to 38, form an integral part of these financial statements.

*Muhammad Ismail*  
Chief Executive

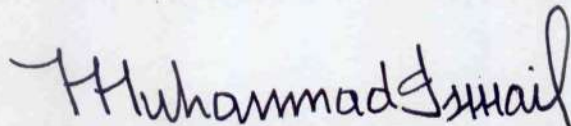
*Abbasi*  
Director

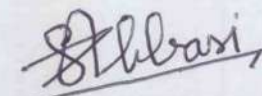


**ABBASI & COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
		Rupees	
Operating revenue	21	34,354,454	47,803,098
Realized gain/(loss) on sale of investments at fair value through profit or loss - net	13.4	(13,917,211)	(1,832,595)
Unrealized gain/(loss) on re-measurement of investments at fair value through profit or loss - net		4,977,561	(20,304,095)
		<u>25,414,804</u>	<u>25,666,408</u>
Administrative and operating expenses	22	(78,313,038)	(82,976,709)
		<u>(52,898,234)</u>	<u>(57,310,301)</u>
<b>Operating loss</b>			
Other income	23	13,135,727	11,123,536
Finance costs	24	(57,907)	(73,532)
		<u>13,077,820</u>	<u>11,050,004</u>
		<u>(39,820,414)</u>	<u>(46,260,297)</u>
<b>Loss before tax</b>			
Taxation	25	(713,576)	(1,107,496)
		<u>(40,533,990)</u>	<u>(47,367,793)</u>
<b>Loss after tax</b>			
Deficit per share	26	<u>(5.78)</u>	<u>(6.76)</u>

The annexed notes, from 1 to 38, form an integral part of these financial statements.

  
Chief Executive

  
Director

**ABBASI & COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	Rupees	
Loss after tax	(40,533,990)	(47,367,793)
<b>Other comprehensive income</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Unrealized gain/(loss) on re-measurement of investments at fair value through other comprehensive income - net	8 (3,327,302)	796,713
Net loss on sale of investments at FVOCI	8 (7,905,444)	-
Income tax relating to these items	(11,232,746)	796,713
	<u>(11,232,746)</u>	<u>796,713</u>
<b>Total comprehensive loss for the year</b>	<u>(51,766,736)</u>	<u>(46,571,080)</u>

The annexed notes, from 1 to 38, form an integral part of these financial statements.

*Muhammad Ismail*  
 Chief Executive

*Stilbasi*  
 Director



**ABBASI & COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
		Rupees	
<b>Cash flows from operating activities</b>			
Loss before tax		(39,820,414)	(46,260,297)
Adjustments for non-cash and other items:			
Depreciation	6.1	9,719,460	10,420,738
Amortisation	7.1	431,705	267,538
Reversal of provision for expected credit loss	23	(7,708)	-
Provision for expected credit loss	22	-	268,947
Gain on sale of property and equipment	23	(1,545,718)	(1,874,069)
Dividend income	23	(1,894,299)	(3,354,231)
Realized loss on sale of investments at fair value through profit or loss - net		13,917,211	1,832,595
Unrealized (gain)/loss on re-measurement of investments at fair value through profit or loss - net	13.4	(4,977,561)	20,304,095
		<u>15,643,090</u>	<u>27,865,613</u>
<b>Operating loss before working capital changes</b>		<b>(24,177,324)</b>	<b>(18,394,684)</b>
<b>Effect of working capital changes</b>			
(Increase) / decrease in current assets		(790,479)	(919,978)
Trade debts		(11,656,458)	20,437,822
Advances, deposits and prepayments		(12,446,937)	19,517,844
Decrease in trade and other payables		(42,839,655)	(62,923,914)
		(42,839,655)	(62,923,914)
		<u>(79,463,916)</u>	<u>(61,800,754)</u>
<b>Cash used in operations</b>			
Income taxes paid	14	(1,037,828)	(1,628,758)
		(1,037,828)	(1,628,758)
		<u>(80,501,744)</u>	<u>(63,429,512)</u>
<b>Net cash outflows from operating activities</b>			
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(9,326,678)	(17,087,367)
Payment for intangible assets		(1,575,000)	(750,000)
Proceeds from sale of items of property and equipment		5,376,320	9,075,000
Proceeds from long term deposits returned		80,000	-
Dividend income received		1,894,299	3,354,231
Investment in financial assets at fair value through profit and loss - net		1,046,737	(13,775,539)
Investment in financial assets at fair value through other comprehensive income		-	(3,375,900)
		<u>(2,504,322)</u>	<u>(22,559,575)</u>
<b>Net cash outflows from investing activities</b>			
<b>Cash flows from financing activities</b>			
<b>Net cash flows from investing activities</b>			
<b>Net decrease in cash and cash equivalents</b>		(83,006,066)	(85,989,087)
Cash and cash equivalents at the beginning of the year		189,455,458	275,444,545
Cash and cash equivalents at end of the year		<u>106,449,392</u>	<u>189,455,458</u>

The annexed notes, from 1 to 38, form an integral part of these financial statements.

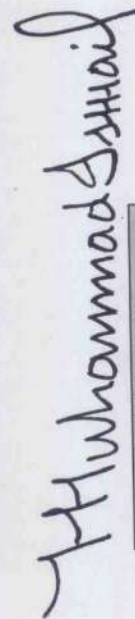
*Muhammad Ismail*  
Chief Executive

*Stilbasi*  
Director

ABBASI & COMPANY (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid up share capital	Share premium	Fair value reserves	General reserves	Retained earnings	Total share capital and reserves
	Rupees					
Balance as at July 01, 2021	70,110,000	98,350,000	18,309,681	200,000,000	67,836,986	454,606,667
Loss for the year	-	-	-	-	(47,367,793)	(47,367,793)
Other comprehensive income for the year	-	-	796,713	-	-	796,713
<b>Balance as at June 30, 2022</b>	<b>70,110,000</b>	<b>98,350,000</b>	<b>19,106,394</b>	<b>200,000,000</b>	<b>20,469,193</b>	<b>408,035,587</b>
Balance as at July 01, 2022	70,110,000	98,350,000	19,106,394	200,000,000	20,469,193	408,035,587
Loss for the year	-	-	-	-	(40,533,990)	(40,533,990)
Other comprehensive loss for the year	-	-	(11,232,746)	-	-	(11,232,746)
Transferred to retained earnings on derecognition of financial instrument at fair value through other comprehensive income	-	-	(11,200,950)	-	11,200,950	-
<b>Balance as at June 30, 2023</b>	<b>70,110,000</b>	<b>98,350,000</b>	<b>(3,327,302)</b>	<b>200,000,000</b>	<b>(8,863,847)</b>	<b>356,268,851</b>

The annexed notes, from 1 to 38, form an integral part of these financial statements.



Chief Executive

  
Director



**ABBASI & COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 Status and nature of business**

Abbasi & Company (Private) Limited (the Company) was incorporated in Pakistan on February 13, 1999 as a Private Limited Company under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017). The Company is a TREC holder of Pakistan Stock Exchange Limited (PSX) and has also acquired membership of the Pakistan Mercantile Exchange Limited (PMEX). The company is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares and modaraba certificates etc. The registered office of the Company is situated at 6-Shadman, Lahore.

**2 Basis of preparation**

**2.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated in the relevant note, if any,

**2.2 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017. Approved accounting and reporting standards comprise of:

- International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Wherever, the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differs with the requirements of these accounting standards, the requirements of the Companies Act, 2017 or the requirements of the said directives shall prevail.

**2.3 Functional and presentational currency**

These financial statements have been prepared in Pakistani Rupees (PKR), which is the company's functional and presentation currency.

**3 Use of judgments, estimates and assumptions**

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment (Note 6 and 5.1);
- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of intangible assets (Note 7 and 5.2);
- deferred tax assets is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised (Note 10 and 5.17);
- assumptions and estimates used in deriving fair value of long term investments (Note 8 and 5.3.1(b));
- assumptions and estimates used in calculating the provision for impairment for trade receivables - net (Note 11 and 5.3.4);
- assumptions and estimates used in calculating the provision for impairment for advances and deposits (Note 12 and 5.3.4);
- assumptions and estimates used in deriving fair value of short term investments (Note 13 and 5.3.1(c));
- assumptions and estimates used in disclosure and assessment of provision for contingencies and commitments (Note 20 and 5.15);
- assumptions and estimates used in determining current income under relevant tax law and the decisions of appellate authorities on certain cases issued in the past (Note 25);



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**4 Standards, amendments and interpretations**

**4.1 Standards, amendments and interpretations adopted during the year**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except the following amendments to published accounting and reporting standards which are mandatory for the company's accounting periods beginning on or after July 01, 2022:

- IAS-37 Onerous Contracts (Amendments)
- IAS-16 Proceeds Before Intended Use (Amendments)
- IFRS-9 Financial Instruments (Amendments)
- IFRS-16 Leases (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2022 for preparers of financial statements which develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies, if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

**4.2 New standards, amendments to approved accounting and reporting standards and interpretations which became effective during the year ended June 30, 2023**

There are certain new standards, amendments and interpretations that are mandatory for accounting period beginning on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

**4.3 Standards, amendments and improvements to approved accounting and reporting standards that are not yet effective**

The following revised standards, amendments and improvements with respect to the approved accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

The Company expects that the adoption of the below mentioned standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

Standards or Interpretation	Effective date (annual periods beginning on or after)
IAS-1 Classification of Liabilities as Current or Non-Current (Amendments)	January 01, 2023
IAS-1 Disclosure of accounting policies	January 01, 2023
IAS-8 Definition of Accounting Estimates (Amendments)	January 01, 2023

**5 Summary of significant accounting policies**

**5.1 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, Cost includes expenditures directly attributable to the acquisition of an asset.

Depreciation on property and equipment is charged on reducing balance method at the rates stated in Note 6 to these financial statements. Depreciation charge commences from the date on which asset is available for use and continues until the date of disposal.

Residual values and the useful lives are reviewed at each date of statement of financial position and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

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The carrying values of property and equipment are reviewed at each reporting date for indications that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset or cash generating unit is written down to its recoverable amount. The recoverable amount of property and equipment is the greater of fair value less cost to sell and value in use.

Normal repairs and maintenance are charged to profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised, when it is probable that future economic benefits will flow to the Company.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit or loss.

#### **5.2 Intangible assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses except Trading Rights Entitlement Certificate (TREC) which are stated at cost less accumulated impairment losses.

Cost includes expenditures directly attributable to the acquisition of an asset. When there is an exchange of assets and the fair value of neither the assets received nor the assets given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up.

Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in Note 7 to these financial statements.

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.

The carrying amount of the intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognised in the profit or loss, however, it is restricted to the original cost of the asset.

#### **5.3 Financial instruments**

##### **5.3.1 Financial assets**

The Company classifies its financial instruments in the following categories:

- at amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVTOCI).

The Company determines the classification of financial assets at initial recognition. The classification of instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

**Financial assets that meet the following conditions are subsequently measured at amortised cost:**

the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

##### **5.3.2 Financial liabilities**

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); and
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments



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held for trading or derivatives) or the Company has opted to measure them at FVTPL.

**Subsequent Measurement**

**-Financial assets and liabilities at amortised cost**

Financial assets and liabilities at amortised cost are subsequently carried at amortised cost, and in the case of financial assets, less any accumulated impairment losses, if any.

**-Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are subsequently carried at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

**- Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are subsequently measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income.

**5.3.3 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the company has a legally enforceable right to offset the recognized amounts and the company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

**5.3.4 Impairment of financial assets**

The Company recognizes loss allowance for ECL on financial assets measured at amortised cost except for debts due directly / ultimately from Government of Pakistan, if any, in respect of which exemption is granted by SECP. For trade debts, if any, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL, if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

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.

In respect of financial assets due directly / ultimately from Government of Pakistan, if any, the financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

**5.3.5 Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

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- (a) The financial instrument has a low risk of default,
- (b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations

**5.4 Trade debts**

Trade debts are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Other receivables are recognized at amortised cost, less any allowance for expected credit losses. The Company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables are grouped based on days overdue.

**5.5 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

**5.6 Earning per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 period. 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.

**5.7 Trade and other payables**

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

**5.8 Contract balances**

Contract liabilities are recognized for consideration received in respect of unsatisfied performance obligations. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

**5.9 Staff retirement benefits**

The company operates a funded provident fund scheme covering permanent employees and monthly equal contribution is made to the trust at the rate of 10% of the basic pay both by the employer and the employees.

**5.10 Dividend and Appropriation to reserves**

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are declared.

**5.11 Foreign currency transactions and translation**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognised in statement of profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

**5.12 Borrowing costs**

Mark up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to the statement of profit or loss.



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**5.13 Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**5.14 Related party transactions and transfer pricing**

Transactions and contracts with the related parties are priced at arm's length as approved by Board of Directors. Prices for transactions with related parties are determined on the basis comparable uncontrolled price method.

**5.15 Contingencies and commitments**

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.

**5.16 Taxation**

**Current:**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions, if any.

**Deferred:**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the income statement, except where deferred tax arises on the items credited or charged to equity in which case it is included in equity.

**5.17 Revenue recognition**

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria has been met for each of the company's activities as described below:

- Revenue from trading activities - brokerage income
- Commission revenue from trading of securities is recognized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.
- Commission income is recognised as and when received or when the right to receive is established.
- Indenting commission income is recognised as and when performance obligation is met.
- Gains / (losses) arising on disposal of investments are included in income currently and are recognised on the date when the transaction takes place.
- 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.
- Revenue from rendering of services is recognised as and when performance obligation is met.
- Dividends are recognised as other income in profit or loss when the right to receive payment is established.



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Note	2023	2022
	Rupees	

6 Property and equipment	213,273,060	217,496,444
Operating fixed assets	<u>213,273,060</u>	<u>217,496,444</u>

	Owned assets					Total assets
	Freehold Land	Building on Freehold Land	Furniture and Fixture	Office Equipment	Vehicles	
<b>Cost</b>						
Balance as at July 01, 2021	164,257,807	52,112,577	3,320,201	19,979,061	22,510,267	298,157,074
Additions during the year	-	-	-	-	2,399,797	17,087,367
Cost of disposals	-	-	-	-	-	(12,366,701)
<b>Balance as at June 30, 2022</b>	<u>164,257,807</u>	<u>52,112,577</u>	<u>3,320,201</u>	<u>19,979,061</u>	<u>24,910,064</u>	<u>302,877,740</u>
Balance as at July 01, 2022	164,257,807	52,112,577	3,320,201	19,979,061	24,910,064	302,877,740
Additions during the year	-	-	-	1,472,250	1,653,975	9,326,678
Cost of disposals	-	-	-	-	-	(5,184,845)
<b>Balance as at June 30, 2023</b>	<u>164,257,807</u>	<u>52,112,577</u>	<u>3,320,201</u>	<u>21,451,311</u>	<u>26,564,039</u>	<u>307,019,573</u>
<b>Depreciation</b>						
Balance as at July 01, 2021	-	38,610,174	2,093,171	12,048,145	16,993,010	80,126,329
Charge for the year	-	1,350,240	122,703	793,092	2,031,421	10,420,738
Accumulated depreciation on disposals	-	-	-	-	-	(5,165,771)
<b>Balance as at June 30, 2022</b>	<u>-</u>	<u>39,960,414</u>	<u>2,215,874</u>	<u>12,841,237</u>	<u>19,024,431</u>	<u>85,381,296</u>
Balance as at July 01, 2022	-	39,960,414	2,215,874	12,841,237	19,024,431	85,381,296
Charge for the year	-	1,215,216	110,433	811,395	2,083,053	9,719,460
Accumulated depreciation on disposals	-	-	-	-	-	(1,354,243)
<b>Balance as at June 30, 2023</b>	<u>-</u>	<u>41,175,630</u>	<u>2,326,307</u>	<u>13,652,632</u>	<u>21,107,484</u>	<u>93,746,513</u>
<b>Rate of depreciation</b>	0%	10%	10%	10%	30%	20%
Written down value as at June 30, 2022	<u>164,257,807</u>	<u>12,152,163</u>	<u>1,104,327</u>	<u>7,137,824</u>	<u>5,885,633</u>	<u>217,496,444</u>
Written down value as at June 30, 2023	<u>164,257,807</u>	<u>10,936,947</u>	<u>993,894</u>	<u>7,798,679</u>	<u>5,456,555</u>	<u>213,273,060</u>

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**8.1 LSE Financial Services Limited**

Opening balance  
 Acquired during the year  
 Adjustment for remeasurement to fair value  
 Net loss on sale of investments at FVOCI  
 Realized through shares swap during the year

Note	2023	2022
	Rupees	
	23,842,294	19,669,681
	-	3,375,900
	-	796,713
8.2	(7,905,444)	-
	(15,936,850)	-
	-	23,842,294

These shares pertain to the trading rights associated with Pakistan Stock Exchange (formerly "Lahore Stock Exchange") and were allotted to the company as a replacement of membership cards of stock exchange following the enactment of the Stock Exchanges (Corporatization, Demutualization, and Integration) Act, 2012 (the 2012 Act).

Prior to the 2012 demutualization, stock exchanges functioned as Guarantee Limited Companies, wherein membership cards granted ownership and trading rights to members. Post-demutualization, ownership of a stock exchange was separated from trading rights. Membership cards were consequently replaced by shares representing ownership in the exchange, and Trading Rights Entitlement Certificates (TREC) representing trading rights.

Subsequently, on January 11, 2016, the Lahore, Islamabad, and Karachi Stock Exchanges were amalgamated to establish the Pakistan Stock Exchange, sanctioned by the SECP.

As a result of amalgamation, the Company received 1,181,565 shares valued at Rs.10/- each of LSE Financial Services Limited. Sixty percent (60%) of these shares were locked in a distinct CDC-held account, intended for future sale to strategic investors and the general public at an as-yet-undetermined price and the proceeds of which will be right of the members. The remaining 40% of shares were unrestricted for members, with no stipulations on their future sale. Moreover, during the previous year (i.e., FY2022), LSE Financial Services Limited issued 337,590 right shares to holders based on their entitled share count. This right issue constituted 40% of the total shares issued. It's important to note that Trading Rights Entitlement Certificates (TREC) are subject to a one-time sale or transfer, after which they cannot be resold or transferred again. This transaction fundamentally involves swapping an intangible asset (membership card) with a financial asset (shares), along with the addition of another intangible asset (TREC).

The 'Selected Opinion' from the Institute of Chartered Accountants of Pakistan determined that the demutualization process did not involve an exchange of dissimilar assets. Consequently, no gain or loss should be recorded. Instead, the division of ownership rights and trading rights should be addressed by reasonably apportioning the cost or carrying value of the membership card to the two distinct assets. Subsequent valuation of the shares and TREC would depend on the availability of dependable fair values. This valuation would become feasible when the blocked shares are eventually sold to strategic investors or the general public through an IPO, leading to the establishment of an active market for TREC. It was further stated that the apportioned carrying value will be tested for impairment under IAS 36, if any. When the management and the auditor conclude that there is no impairment, they may continue to use the apportioned carrying value.

The company has initially recognized the value of TREC and shares at the value of the membership card with which they were exchanged by allocating TREC and Shares on proportionate basis at the initial ratio of 32:68 which was determined on the basis of the estimated value of LSE shares at Rs. 8.439 million and TREC at Rs. 4.0 million. Resultantly the shares have been recognized at Rs. 1.360 million and TREC at Rs. 0.640 million.

These shares are neither listed on any exchange nor are they actively traded. The latest net asset value per share of these shares as notified by LSE Financial Services Limited is Rs. 24.25 per share during the previous year. The Company is valuing the shares on the latest available NAV of LSE Financial Services Limited.

It's important to note that Trading Rights Entitlement Certificates (TREC) are subject to a one-time sale or transfer, after which they cannot be resold or transferred again. This transaction fundamentally involves swapping an intangible asset (membership card) with a financial asset (shares), along with the addition of another intangible asset (TREC).

8.2 Pursuant to the Lahore High Court HCJD/C-21 proceedings concerning the demerger of LSE Financial Services Limited (LSEFSL), the court has ordered the division of the principal business into two newly incorporated entities: LSE Ventures Ltd. (LVL) and LSE Proptech Ltd. (LPL). Both companies were established as public unlisted companies (now listed on PSX) with shares issued to LSEFSL members.

The court-directed arrangement involves the cancellation of issued shares to LSEFSL members, with each shareholder receiving shares in LVL and LPL. The shares held by LSEFSL members in LPL will be nullified. The specific calculation for LVL



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and LPL shares, along with the conversion shares is outlined as follows:

Name of Company	Converted Shares	Conversion Rate	Conversion Value	Closing Fair Value	Unrealized loss
LSE PropTech Ltd.	413,751	10.00	4,137,510	1,990,142	(2,147,368)
LSE Ventures Ltd.	1,179,934	10.00	11,799,340	10,619,406	(1,179,934)
	<u>1,593,685</u>		<u>15,936,850</u>	<u>12,609,548</u>	<u>(3,327,302)</u>

Note	2023	2022
	Rupees	

**9 Long term deposits**

Deposit with Central Depository Company of Pakistan Limited  
 Deposit against mobile phone connections  
 Deposits with WAPDA and SNGPL  
 Deposit with NCCPL  
 Building deposit with PMEX  
 Deposit for Sialkot and Faisalabad trading floors and booth  
 Security deposit LSE Financial Services Limited  
 Security deposit (NCCPL) - DFC  
 Deposit with Pakistan State Oil Company Ltd.  
 Security deposit - Murabaha shares  
 Security deposit membership card- PMEX

100,000	100,000
101,500	101,500
110,200	110,200
300,000	300,000
2,500,000	2,500,000
-	50,000
-	30,000
1,000,000	1,000,000
400,000	400,000
100,000	100,000
750,000	750,000
<u>5,361,700</u>	<u>5,441,700</u>

**10 Deferred tax assets**

**10.1 Deferred tax comprises temporary differences attributable to:**

**Taxable temporary difference**

Accelerated depreciation on property and equipment  
 Accelerated amortisation on intangible assets  
 Remeasurement of investments at fair value through other comprehensive income

19,057,547	23,411,172
353,501	132,480
-	8,650,744
<u>19,411,048</u>	<u>32,194,396</u>

**Deductible temporary difference**

Remeasurement of investments at fair value through profit or loss  
 Remeasurement of investments at fair value through other comprehensive income  
 Provision for expected credit loss  
 Unused tax losses

(2,932,239)	(24,212,141)
(3,327,302)	-
(1,331,409)	(1,339,117)
(84,251,326)	(45,472,546)
<u>(91,842,276)</u>	<u>(71,023,804)</u>

**Net taxable / (deductible) temporary difference**

Deferred tax liability / (asset)  
 - Pertaining to profit or loss @ 29%  
 - Pertaining to profit or loss @ 15%  
 - Pertaining to other comprehensive income @ 15%

<u>(72,431,228)</u>	<u>(38,829,408)</u>
(19,189,789)	(6,747,723)
(439,836)	(3,631,821)
(499,095)	1,297,612
<u>(20,128,720)</u>	<u>(9,081,933)</u>
(3,220,728)	(3,563,925)

Unused tax credit

Unrecognised deferred tax asset

10.2

23,349,448	12,645,858
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**Net deferred tax asset**

10.2 Deferred tax asset on unused tax losses and unused tax credits amounting to Rs. 23.35 million (2022: Rs. 12.646 million) has not



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been recognized in these financial statements as the management is of the view that sufficient taxable profit will not be available in the foreseeable future against which unused tax losses and unused tax credits would be adjusted.

	Note	2023	2022
		----- Rupees -----	
<b>11 Trade receivables - net</b>			
Considered good		4,397,736	3,599,549
Considered doubtful		1,331,409	1,339,117
		<u>5,729,145</u>	<u>4,938,666</u>
Less: Allowance for expected credit loss	11.1	(1,331,409)	(1,339,117)
		<u>4,397,736</u>	<u>3,599,549</u>
<b>11.1 Movement in allowance for expected credit loss</b>			
Balance as on July 01,2022		1,339,117	1,070,170
(Reversal)/charged during the year	22 & 23	(7,708)	268,947
Balance as on June 30,2023		<u>1,331,409</u>	<u>1,339,117</u>
<b>11.2 Ageing Analysis</b>			
Upto fourteen days		403,005	2,049,791
More than fourteen days		5,326,141	2,888,875
		<u>5,729,145</u>	<u>4,938,666</u>
<b>12 Advances, deposits, prepayments and other receivables</b>			
Advances to employees against salary		9,821,500	8,145,000
Short term security deposits	12.1	47,511,584	37,502,124
Prepaid insurance		290,085	333,806
Other receivables		155,372	141,153
		<u>57,778,541</u>	<u>46,122,083</u>
<b>12.1 This includes the clearing deposit with PMEX and margin deposit with NCCPL</b>			
Clearing deposit with PMEX	12.2	9,261,584	11,952,124
Margin deposit with NCCPL/PSX	12.3	23,050,000	13,350,000
Deposit with PSX for Base Minimum Capital		15,200,000	12,200,000
		<u>47,511,584</u>	<u>37,502,124</u>
<b>12.2 This deposit represents trade exposure from members on behalf of clients' trades with PMEX.</b>			
<b>12.3 This represent deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of future and ready counter.</b>			
	Note	2023	2022
		----- Rupees -----	
<b>13 Short term investments</b>			
Investments in equity instruments at fair value through profit or loss	13.1	20,519,539	46,808,267
Investment in Pakistan Mercantile Exchange at fair value through profit or loss	13.2	391,179	-
Investment in margin trading system - at amortized cost	13.3	15,911,162	-
		<u>36,821,880</u>	<u>46,808,267</u>
<b>13.1 Investments in shares of listed companies at fair value through profit or loss</b>			
<b>13.2 This represents the investment in commodity in Pakistan Merchentile Exchange .</b>			
<b>13.3 This represents an investment in a Margin Trading System, governed by an agreement between a Financier and a Financee, which is regulated by the National Clearing Company of Pakistan Limited (NCCPL). Under this arrangement, the Financier</b>			



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Note	2023	2022
	----- Rupees -----	
	105,116,311	188,550,596
	<u>106,449,392</u>	<u>189,455,458</u>

15.1 These, during the year, carry markup ranging from 5.75% to 8.50% per annum during the year (2022: 3.41% to 5.26%).

Note	2023	2022
	----- Rupees -----	
15.2 Balances with banks is further segregated as follows:		
- House account	15,827,599	56,728,947
- Clients account	89,288,712	131,821,648
	<u>105,116,311</u>	<u>188,550,595</u>

16 Issued, subscribed and paid up share capital

	2023	2022	2023	2022
	Number of shares		----- Rupees -----	
Ordinary shares of Rs. 10 each.				
- Fully paid in cash	6,611,000	6,611,000	66,110,000	66,110,000
- issued for consideration other than cash	400,000	400,000	4,000,000	4,000,000
	<u>7,011,000</u>	<u>7,011,000</u>	<u>70,110,000</u>	<u>70,110,000</u>

17 Share premium

It represents share premium received on issue of new shares.

18 General reserves

It represents amount transferred from accumulated profits to general reserves with no specific purpose of utilization.

Note	2023	2022
	----- Rupees -----	

19 Trade and other payables

Trade payables  
Sales tax payable  
Accrued liabilities  
Other payables

89,288,712	131,821,648
511,125	479,505
546,248	544,702
-	339,885
<u>90,346,085</u>	<u>133,185,740</u>

20 Contingencies and commitments

There are no contingencies and commitments as at June 30, 2023 (2022: Nil)

20.1 Unutilized facilities

The company has a short term borrowings facility of Rs. 40 Million (2022: Rs. 40 Million) from Bank Al Habib Limited which remained un-utilized during the current year. The facility is secured against pledge of shares in the name of Company at 50% margin.



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	Note	2023	2022
		Rupees	
<b>21 Operating revenue</b>			
Brokerage income - PSX		33,241,511	52,506,126
Brokerage income - PMEX		5,323,942	2,945,467
Brokerage income - MTS		1,285,714	-
Gross sales		39,851,167	55,451,594
Less: sales tax		(5,496,713)	(7,648,496)
Net sales		<u>34,354,454</u>	<u>47,803,098</u>

	Note	2023	2022
		Rupees	
<b>22 Administrative and operating expenses</b>			
Directors' remuneration		7,661,328	7,993,192
Salaries and other benefits	22.1	33,498,088	34,639,553
Fee and subscription		5,710,926	1,589,191
Legal and professional charges		2,516,621	4,217,207
Business promotion expenses		1,000,000	2,000,000
Advertisement		1,141,204	1,038,662
Research and staff training		633,467	609,261
Utilities		3,339,663	4,017,838
Vehicle running and maintenance		4,631,546	4,053,393
Travelling and conveyance		311,702	156,862
Communication		1,654,072	2,040,170
Repair and maintenance		1,036,069	1,211,640
Postage and courier		412,831	473,631
Insurance		705,069	794,912
Newspapers and periodicals		67,030	56,825
Printing and stationery		526,796	977,444
Entertainment		1,009,739	1,174,963
Rent, rates and taxes		694,323	1,057,066
Auditors' remuneration	22.2	288,750	275,000
Computer expenses		351,691	372,939
Allowance for expected credit loss	11.1	-	268,947
Donations		632,892	2,147,752
Depreciation	6.1	9,719,460	10,420,738
Amortisation	7	431,705	267,538
Miscellaneous		338,066	1,121,985
		<u>78,313,038</u>	<u>82,976,709</u>

22.1 Salaries and other benefits include Rs. 1.44 million (2022: Rs. 1.77 million) in respect of staff retirement benefits.

	Note	2023	2022
		Rupees	
<b>22.2 Auditors' remuneration</b>			
Annual audit fee		288,750	275,000
		<u>288,750</u>	<u>275,000</u>

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	Note	2023	2022
		----- Rupees -----	
<b>23 Other income</b>			
<i>Income from financial assets</i>			
Profit on deposits with banks		1,104,761	1,915,738
Dividend income		1,894,299	3,354,231
Return on margin Trading system		2,936,406	-
Reversal of provision for doubtful debts	11.1	7,708	-
Return on exposure and cash deposit		3,201,835	1,199,913
		<b>9,145,009</b>	<b>6,469,882</b>
<i>Income from non financial assets</i>			
Gain on sale of property and equipment		1,545,718	1,874,069
Client account maintenance fee		2,445,000	2,754,000
Consultancy and IPO Income		-	25,585
		<b>3,990,718</b>	<b>4,653,654</b>
		<b>13,135,727</b>	<b>11,123,536</b>
<b>24 Finance costs</b>			
Bank Charges		57,907	73,532
		<b>57,907</b>	<b>73,532</b>
<b>25 Taxation</b>			
Current tax expense		713,576	1,107,496
Deferred tax expense / (income)	10.2	-	-
		<b>713,576</b>	<b>1,107,496</b>

25.1 Due to taxable losses, provision for current year income tax is based on section 113 of the Income Tax Ordinance, 2001.

25.2 Income tax assessments of the Company are deemed to be finalized as per tax returns filed up to tax year 2022. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

**26 Deficit per share**

	Loss after tax		Total shares in issue		Deficit per share	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----		Number of shares		----- Rupees -----	
Deficit per share	(40,533,990)	(47,367,793)	7,011,000	7,011,000	(5.78)	(6.76)
	<b>(40,533,990)</b>	<b>(47,367,793)</b>	<b>7,011,000</b>	<b>7,011,000</b>	<b>(5.78)</b>	<b>(6.76)</b>

**27 Financial instruments**

*Financial assets as per statement of financial position*

*At Amortised Cost*

	2023	2022
	----- Rupees -----	
Long term deposits	5,361,700	5,441,700
Trade receivables - net	4,397,736	3,599,549
Investment in margin trading system - at amortized cost	15,911,162	-
Advances and other deposits	57,333,084	45,647,124
Cash and bank balances	106,449,392	189,455,458

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	189,453,074	244,143,831
	2023	2022
Note	----- Rupees -----	
<b>At fair value</b>		
Long term investments - at fair value through other comprehensive income	12,609,548	23,842,294
Short term investments - at fair value through profit or loss	20,519,539	46,808,267
	33,129,087	70,650,561
	<u>222,582,161</u>	<u>314,794,392</u>
<b>Financial liabilities as per statement of financial position</b>		
<b>At Amortised Cost</b>		
Trade and other payables	89,834,960	132,706,235
	<u>89,834,960</u>	<u>132,706,235</u>

**Fair values of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

**Methods of determining fair values**

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. The fair value of financial assets (other than investments) and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

**Discount / interest rates used for determining fair values**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

**Fair value hierarchy**

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The fair value hierarchy of financial assets measured at fair value is as follows:

	2023			
	Total	Level 1	Level 2	Level 3
	Amount in rupees			
Long term investments	12,609,548	12,609,548	-	-
Short term investments - at fair value through profit or loss	20,519,539	20,519,539	-	-
	<u>33,129,087</u>	<u>33,129,087</u>	<u>-</u>	<u>-</u>
	2022			
	Total	Level 1	Level 2	Level 3
	Amount in rupees			
Long term investments	23,842,294	23,842,294	23,842,294	-
Short term investments - at fair value through profit or loss	46,808,267	46,808,267	46,808,267	-
	<u>70,650,561</u>	<u>70,650,561</u>	<u>70,650,561</u>	<u>-</u>







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**29 Financial risk management objectives**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board).

**a) Market risk**

**i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions in foreign currencies. The Company is not exposed to foreign currency exchange risk.

**ii) Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The company is exposed to equity price risk since it has investments in quoted equity securities. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

**iii) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is

	2023	2022
	----- Rupees -----	
<b>Variable rate financial instruments</b>		
<b>Financial assets</b>		
Cash and bank balances	106,449,392	189,455,458
	<u>106,449,392</u>	<u>189,455,458</u>
<b>Financial liabilities</b>	-	-
	<u>-</u>	<u>-</u>

**Fair value sensitivity analysis**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

	2023	Increase / (Decrease) in rate	Effect on profit before tax	Effect on equity
			----- Rupees -----	
<b>Interest rate sensitivity analysis</b>				
<b>Financial assets</b>				
		10%	10,644,939	7,557,907
		-10%	(10,644,939)	(7,557,907)

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	Increase / (Decrease) in rate	Effect on profit before tax	Effect on equity
		----- Rupees -----	
2022	10%	18,945,546	13,451,338
	-10%	(18,945,546)	(13,451,338)

iii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

**Variable rate financial instruments**

**Financial assets**

Investment in margin trading system - at amortized cost  
Balances with banks in deposit accounts

2023	2022
----- Rupees -----	
15,911,162	-
44,269,569	83,751,015
<b>60,180,731</b>	<b>83,751,015</b>
-	-
-	-

**Financial liabilities**

**Interest rate sensitivity analysis**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

	Increase / (Decrease) in rate	Effect on profit before tax	Effect on equity
		----- Rupees -----	
2023	10%	6,018,073	4,272,832
	-10%	(6,018,073)	(4,272,832)
2022	10%	8,375,102	5,946,322
	-10%	(8,375,102)	(5,946,322)

**Interest rate sensitivity analysis**

**Financial assets**

b) **Credit risk**

Credit risk is the risk that one party to the financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from balances with bank, trade debts, deposits and other receivables. The maximum exposure to credit risk before any credit enhancement is given

**Exposure to credit risk**

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts and deposits. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment

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and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

**Maximum exposure to credit risk**

	2023	2022
	----- Rupees -----	
Long term deposits	5,361,700	5,441,700
Long term investments	12,609,548	23,842,294
Trade receivables - net	4,397,736	3,599,549
Short term investments - at fair value through profit or loss	20,519,539	46,808,267
Investment in margin trading system - at amortized cost	15,911,162	-
Advances and other deposits	57,333,084	45,647,124
Cash and bank balances	106,449,392	189,455,458
	<b>222,582,161</b>	<b>314,794,392</b>

The Company attempts to control the credit risk by monitoring credit exposure, limiting transactions with specific customers and continuing assessment of credit worthiness of customers.

Based on the past experience, record of recoveries, the Company believes that the past due amount do not require any provision or impairment loss.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of rating	Rating agency	Rating		2023	2022
			Short-term	Long-term	----- Rupees -----	
Allied Bank Limited	23-Jun-23	PACRA	A1+	AAA	170,751	170,891
The Bank of Punjab	26-Jun-23	PACRA	A1+	AA+	8,836,742	10,030,000
Habib Bank Limited	27-Jun-23	VIS	A-1+	AAA	14,736,075	55,032,182
MCB Bank Limited	23-Jun-23	PACRA	A1+	AAA	177,717	1,173,630
Meezan Bank Limited	27-Jun-23	VIS	A-1+	AAA	25,895,447	35,773,998
Bank AL Habib Limited	23-Jun-23	PACRA	A1+	AAA	50,379,091	86,369,895
Bank Alfalah Limited	24-Jun-23	PACRA	A1+	AA+	4,920,488	-
					<b>105,116,311</b>	<b>188,550,596</b>

**c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit line. The following are the contractual maturities of the financial liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Below mentioned financial liabilities are exposed to profit / mark-up rate risk except trade and other payables along with contractual maturities.

As at June 30, 2023

Trade and other payables

Carrying amount	Less than one year	One to two years	Two to three years	More than three years
89,834,960	89,834,960	-	-	-
<b>89,834,960</b>	<b>89,834,960</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	Carrying amount	Less than one year	One to two years	Two to three years	More than three years
As at June 30, 2022					
Trade and other payables	132,706,235	132,706,235	-	-	-
	<u>132,706,235</u>	<u>132,706,235</u>	<u>-</u>	<u>-</u>	<u>-</u>

**29.1 Capital risk management**

The company's objectives, policies and processes for managing capital are as follows:

To safeguard Company's ability to continue as going concern, so that it can continue to provide returns for shareholders and benefit other stakeholders; and

To provide adequate return to shareholders by pricing the products and services commensurately with the level of risk.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The capital structure of the Company consists of equity comprising of issued share capital and

The company does not obtained any financing facility and working with 100% equity financing, therefore no gearing is identified.

2023	2022
----- Rupees -----	

The Capital adequacy level as required by CDC is calculated as follows:

Total assets

Less: Total liabilities

Less: Revaluation reserves (created upon revaluation of fixed assets)

**Capital adequacy level**

448,474,936	543,081,327
(90,346,085)	(133,185,740)
-	-
<u>358,128,851</u>	<u>409,895,587</u>

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate held by Abbasi & Company (Private) Limited as at June 30, 2022 as determined by Pakistan Stock Exchange has been considered.

**29.2 Liquid Capital Balance**

Sr No	Head Of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1.Assets</b>				
1.1	Property & Equipment	213,273,060	213,273,060	-
1.2	Intangible Assets	2,795,227	2,795,227	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
1.4	Investment in Debt. Securities	-	-	-
	If listed than:	-	-	-
	i. 5% of the balance sheet value in the case of tenure upto 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 upto 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.	-	-	-
1.5	Investment in Equity Securities	33,129,087	20,417,462	12,711,625
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of carrying value.	-	-	-

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Sr No	Head Of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking	-	-	-
	i. If listed 20% or VaR of each securities as computed by the Securtas Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	4,750,000	4,750,000	-
1.9	Margin deposits with exchange and clearing house.	32,311,584	9,261,584	23,050,000
1.10	Deposit with authorized intermediary against borrowed securities under SI	-	-	-
1.11	Other deposits and prepayments	16,257,157	16,257,157	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing.	-	-	-
	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	Receivables other than trade receivables	16,949,352	16,235,776	713,576
1.16	Receivables from clearing house or securities exchange(s)	51,386	-	51,386
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	Receivables from customers	-	-	-
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the finacee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <b>Lower of net balance sheet value or value determined through adjustments.</b>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <b>Net amount after deducting haircut</b>	15,911,162	795,558.10	15,115,604
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract. <b>Net amount after deducting haircut</b>	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <b>Balance sheet value</b>	12,055	-	12,055
	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. <b>v. Lower of net balance sheet value or value determined through adjustments</b>	3,751,086	696,866,312	3,751,086
	vi. 100% haircut in the case of amount receivable form related parties.	-	-	-
1.18	Cash and Bank balances	15,827,599	-	15,827,599
	I. Bank Balance-proprietary accounts	89,288,712	-	89,288,712
	ii. Bank balance-customer accounts	1,333,081	-	1,333,081
	iii. Cash in hand	-	-	-

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ABBASI & COMPANY (PRIVATE) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

Sr No	Head Of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.19	Total Assets	445,640,549	980,652,136	161,854,724
2.	Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	89,288,712	-	89,288,712
2.2	Current Liabilities			
	i. Statutory and regulatory dues	511,125	-	511,125
	ii. Accruals and other payables	546,248	-	546,248
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	713,576	-	713,576
	ix. Other liabilities as per accounting principles and included in the financial statements	1,331,409	-	1,331,409
2.3	Non Current Liabilities			
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Total Liabilities	92,391,070	-	92,391,070
3.	Ranking Liabilities Relating to			
3.1	Concentration in Margin Financing			
	The amount calculated 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.	-	-	-
3.2	Concentration in securities lending and borrowing			
	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	-	-	-
3.3	Net underwriting Commitments			
	(a) in the case of right issues : 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 commitments 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	-	-	-

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Sr No	Head Of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	<b>Negative equity of subsidiary</b> The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	<b>Foreign exchange agreements and foreign currency positions</b> 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	-	-	-
3.6	<b>Amount Payable under REPO</b>	-	-	-
3.7	<b>Repo adjustment</b> <b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> 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.	-	-	-
3.8	<b>Concentrated proprietary positions</b> 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 of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	516,513	516,513
3.9	<b>Opening Positions in futures and options</b> 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	-	-	-
3.10	<b>Short sell positions</b> 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.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	-	516,513	516,513
	<b>Calculations Summary of Liquid Capital</b>			
	(i) Adjusted value of Assets (serial number 1.19)			161,854,724
	(ii) Less: Adjusted value of liabilities (serial number 2.5)			(92,391,070)
	(iii) Less: Total ranking liabilities (series number 3.11)			(516,513)
				<b>68,947,142</b>

**Basis Of Measurement**

The statement has been prepared under historical cost convention except investment in listed securities which are measured on



**ABBASI & COMPANY (PRIVATE) LIMITED**  
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fair value. Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

**30 Transactions with related parties**

The related parties comprise of major shareholder, associated undertakings, entities under common directorship and key management personnel.

Significant transactions with related parties are as follows:

Name of related party and basis of relationship	Detail of transactions	Shares Sold	Shares Purchased
		----- Rupees -----	
1) Syed M. Ismail Abbasi	Director/Chief Executive	No Transaction.	-
2) Syed Farooq Ali Abbasi	Director	Sale and Purchase of shares.	12,450
3) Syed Awais Ali Abbasi	Director	Sale and Purchase of shares.	6,324,602
4) Mrs. Yasmeen Ismial	Shares Holder	Sale and Purchase of shares.	277,600
5) Syed M. Umar Abbasi	Shares Holder	Sale and Purchase of shares.	1,345
			1,915,420
			6,615,997
			23,510,444

All transactions with related parties have been carried out on commercial terms and conditions.

**31 Remuneration of Chief Executive and Directors**

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive and full time working Directors of the Company are as follows:

	Chief Executive		Directors		Executive	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----					
Remuneration	2,410,125	2,435,125	4,860,192	5,531,517	17,703,902	10,865,997
Provident Fund	153,996	153,996	237,015	234,072	982,275	540,226
	<b>2,564,121</b>	<b>2,589,121</b>	<b>5,097,207</b>	<b>5,765,589</b>	<b>18,686,177</b>	<b>11,406,223</b>
No. of persons	1	1	2	2	15	8

- The Company also provides its Executives and Directors with car for personal and business use.

2023	2022
Number of persons	

**32 Number of employees**

Average number of employees during the year

53	53
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Total number of employees as at June 30th

52	52
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**33 Provident Fund Trust**

The Company has maintained an employees' provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The information of the fund is based on the audited financial statements of the fund for the year ended June 30, 2023:



**ABBASI & COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2023	2022
		Rupees	
Size of fund	33.1	23,208,953	26,231,565
Cost of investments made		23,208,953	26,231,565
Percentage of investments made		100.00%	100.00%
Fair value of investments		260,255	498,713
33.1 These represent investments in shares of listed equity securities, funds and bal			
Balance in scheduled banks in saving account		22,948,698	25,732,852
Investment in shares		260,255	498,713
		<u>23,208,953</u>	<u>26,231,565</u>

**34 Details of Securities Pledged**

	2023	2022	2023	2022
	Number of shares		Rupees	
-House account	988,974	1,353,100	10,352,691	31,732,988
-Client account	70,678,640	69,862,139	1,138,324,182	1,010,935,752
	<u>71,667,614</u>	<u>71,215,239</u>	<u>1,148,676,873</u>	<u>1,042,668,740</u>

**35 Pattern of Share Holding**

Directors and Their Spouse(S) And Minor Children		Shares Held	Percentage
1	Syed Muhammad Ismail Abbasi	4,886,790	69.70%
2	Syed Awais Ali Abbasi	3,505	0.05%
3	Syed Farooq Ali Abbasi	641,638	9.15%
4	Mrs. Yasmeen Ismail	904,419	12.90%
5	Syed Muhammad Umar Abbasi	574,648	8.20%
	<b>Total</b>	<u>7,011,000</u>	<u>100.0%</u>

**36 Events after the reporting period**

There are no other significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

**37 Date of authorization for issue**

These financial statements have been approved and authorized for issue on October 05, 2023 by the Board of Directors of the company.

**38 General**

- Figures have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

*Muhammad Ismail*

Chief Executive

*Stilbasi*

Director