



Asad Mustafa Securities (Pvt) Ltd.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Asad Mustafa Securities (Private) Limited (the "Company") are pleased to present the Annual Report along with the audited financial statements for the year ended 30 June 2024.

### FINANCIAL PERFORMANCE

During the year, operating revenues of the Company increased from PKR 12,533,419/- to 27,416,102/-, an increase of 118% mainly on account of higher brokerage income of 65% (compared to the previous year) and increase in dividend income of 124%.

### MAJOR CHANGES

The Company successfully completed its second year as a Trading Only broker. The Company is satisfied with its decision to transition to the Trading Only status as this change has helped the Company to focus on marketing and service delivery of its products.

### EARNINGS

The Company generated an earning of PKR 9.81/- per share which is 110% higher than last year. The Company has decided to declare Nil Dividend, Nil Bonus Shares, and Nil Right Shares for the year.

Asad Ali Khan  
Director



Mustafa Khan  
Director

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- www.asadmustafa.com

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**

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

**Opinion**

We have audited the annexed financial statements of ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive Income, its cash flows and the changes in equity for the year then ended.

**Basis for Opinion**

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

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

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

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

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

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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 (XIX of 2017) and 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 is 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 IASs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 audit evidence obtained up to the date of our auditor's report. However, future events are conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance and the board of directors, 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:

- Proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX) of 2017);
- The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts and returns;
- Investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- The Company was in compliance with the requirement of section 78 of Securities Act 2015.

The engagement partner on audit resulting in this independent auditor's report is Muhammad Naeem (FCA).

*M. Naeem*

*Alam & Aulakh*

ALAM & AULAKH  
CHARTERED ACCOUNTANTS

**Alam & Aulakh**  
Chartered Accountants

Place: Lahore  
Date: September 14, 2024

UDIN: AR202410190CceRuo7yT

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

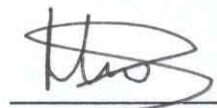
ASSETS	Note	2024 Rupees	2023 Rupees
<b>Non-current assets</b>			
Long-term investments	4	58,469,300	57,642,967
Long-term deposits	5	2,555,000	2,555,000
Deferred tax	6	-	-
		<b>61,024,300</b>	<b>60,197,967</b>
<b>Current assets</b>			
Prepayments and advances	7	662,187	595,913
Short term Investment	8	188,819,700	91,482,838
Cash and bank balances	9	428,829	172,604
		<b>189,910,716</b>	<b>92,251,355</b>
<b>Total assets</b>		<b>250,935,016</b>	<b>152,449,322</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid up share capital	10	97,000,000	97,000,000
<b>Capital Reserve</b>			
Capital reserve		-	4,785,231
<b>Revenue Reserve</b>			
Unappropriated profit		146,352,914	46,364,616
<b>Total Equity</b>		<b>243,352,914</b>	<b>148,149,847</b>
Deferred tax		7,487,373	-
		<b>250,840,288</b>	<b>148,149,847</b>
<b>Current liabilities</b>			
Loan from director	11	-	4,217,183
Trade and other payables	12	80,000	80,000
Provision for taxation		14,728	2,292
		<b>94,728</b>	<b>4,299,475</b>
<b>Total equity and liabilities</b>		<b>250,935,016</b>	<b>152,449,322</b>
<b>Contingencies and commitments</b>	13	-	-

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Chief Executive



Director

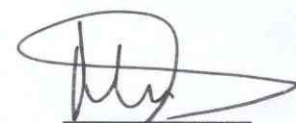
**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
Operating Revenue	14	27,416,102	12,533,419
Gain/Loss on sale of short term investments		3,251,353	(419,350)
<b>Gross profit</b>		<b>30,667,455</b>	<b>12,114,069</b>
Other income	15	80,069,421	51,009,872
Other expenses	16	-	(11,345,234)
Administrative expenses	17	(4,196,945)	(3,984,897)
<b>Operating profit</b>		<b>106,539,931</b>	<b>47,793,810</b>
Finance charges	18	(3,091)	(2,442)
<b>Profit before taxation</b>		<b>106,536,840</b>	<b>47,791,368</b>
Taxation	19	(11,333,772)	(2,473,318)
<b>Profit for the year</b>		<b>95,203,068</b>	<b>45,318,051</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive



Director

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ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024

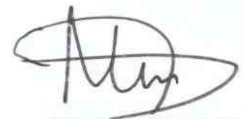
	2024 Rupees	2023 Rupees
Profit for the year	95,203,068	45,318,051
<b>Other comprehensive income</b>		
<b>Items that will not be subsequently reclassified to profit or loss</b>		
Derecognition of fair value reserve on reclassification of investment	-	(3,598,135)
Deferred tax on available for sale investment	-	4,785,231
<b>Total comprehensive income for the year</b>	<b>95,203,068</b>	<b>46,505,146</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Chief Executive



Director

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**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

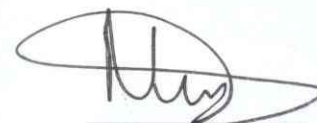
	Note	2024 Rupees	2023 Rupees
<b>Cash flows from operating activities</b>			
Profit before taxation		106,536,840	47,791,368
<b>Adjustments for non cash and other items:</b>			
Unrealized (gain)/loss on short-term investments		(78,889,049)	11,345,234
Realized loss on sale of short-term investments		-	419,350
Reversal of impairment loss on investment through FVTPL		(826,333)	(49,525,537)
Dividend income		(25,449,250)	(11,345,738)
Finance cost		3,091	2,442
		(105,161,541)	(49,104,249)
		1,375,299	(1,312,881)
<b>(Increase) / decrease in current assets:</b>			
Prepayments and advances		(66,274)	605,053
		(66,274)	605,053
<b>Cash used in operations</b>			
		1,309,025	(707,828)
Tax paid		(3,833,963)	(1,745,321)
Dividend received		25,449,250	11,345,738
Payments for acquisition of securities		(18,447,813)	(26,674,022)
Receipts from disposal of securities		-	12,193,839
Finance cost paid		(3,091)	(2,442)
		3,164,383	(4,882,208)
<b>Net cash used in operating activities</b>	<b>A</b>	<b>4,473,409</b>	<b>(5,590,036)</b>
<b>Cash flows from investing activities</b>			
Decrease in advances and deposits		-	750,000
<b>Net cash generated from investing activities</b>	<b>B</b>	<b>-</b>	<b>750,000</b>
<b>Cash flows from financing activities</b>			
Proceeds from loan from director	<b>C</b>	<b>(4,217,183)</b>	4,217,183
<b>Net cash generated from financing activities</b>		<b>(4,217,183)</b>	4,217,183
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>A+B+C</b>	<b>256,226</b>	<b>(622,853)</b>
Cash and cash equivalents at the beginning of the year		172,604	795,456
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>428,829</b>	<b>172,604</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive

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Director

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Share capital	Reserves		Total equity
	Issued, subscribed and paid-up capital	Unrealized surplus / (deficit) on re-measurement of investments measured at FVTOCI	Unappropriated profit	
	-----Rupees-----			
<b>Balance as at July 01, 2022</b>	<b>97,000,000</b>	<b>3,598,135</b>	<b>1,046,565</b>	<b>101,644,700</b>
Profit for the year	-	-	45,318,051	45,318,051
Other comprehensive loss	-	1,187,096	-	1,187,096
Total comprehensive income for the year	-	1,187,096	45,318,051	46,505,147
<b>Balance as at June 30, 2023</b>	<b>97,000,000</b>	<b>4,785,231</b>	<b>46,364,616</b>	<b>148,149,847</b>
<b>Balance as at July 01, 2023</b>	<b>97,000,000</b>	<b>4,785,231</b>	<b>46,364,616</b>	<b>148,149,847</b>
Profit for the year	-	-	95,203,068	95,203,068
Transfer of capital reserve	-	(4,785,231)	4,785,231	-
Total comprehensive income for the year	-	-	95,203,068	95,203,068
<b>Balance as at June 30, 2024</b>	<b>97,000,000</b>	<b>-</b>	<b>146,352,914</b>	<b>243,352,914</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

9.9



Chief Executive



Director

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

Asad Mustafa Securities (Private) Limited (the Company) was incorporated in Pakistan on November 11, 2013 as a single member private limited company, under repealed Companies Ordinance, 1984 (Now Companies Act, 2017). It was converted to a private limited company with effect from February 18, 2017. The Company's registered office is situated at 305 South Tower, LSEFSL Tower, 19-Khayaban-e-Aiwan-Iqbal, Lahore. The company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulation 2016 (the Regulation).

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for certain items as discussed in the relevant accounting policies below.

These financial statements have been prepared on accrual basis accounting concept.

**2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupee (Rs./Rupees) which is the Company's functional and presentation currency.

**2.4 Key judgments and estimates**

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are documented in the following accounting policies and notes and relate primarily to:

- Valuation of investment in ordinary shares of LSE Financial Services Limited- Note 3.3
- Valuation of investment in ordinary shares of LSE Financial Services Limited- Note 3.3
- Impairment - Note 3.3.4

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

- Estimation of provisions - Note 3.11
- Estimation of contingent liabilities - Note 3.12 & 13
- Current income tax expense and provision for taxation - Note 3.10 & 19

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Intangible assets**

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

**3.1.1 Membership cards and offices**

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

**3.2 Investment in associates**

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for at cost less impairment. Under the cost less impairment method, investments in associates are initially recognized at cost and the investment is tested for impairment at each year end and impairment if any is charged to the statement of profit or loss.

**3.3 Financial instruments**

**3.3.1** The Company classifies its financial assets in the following three categories:

- (a) Financial assets measured at amortized cost;
- (b) Financial assets measured at fair value through profit or loss (FVTPL).

**a) Financial assets measured at amortized cost**

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

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

**b) Financial assets at FVTPL**

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

Such financial assets are initially measured at fair value.

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**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**3.3.2 Initial recognition**

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

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

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

**3.3.3 Subsequent measurement**

**a) Financial assets measured at amortized cost**

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

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

**b) Financial assets at FVOCI**

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

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognized in profit or loss.

**c) Financial assets at FVTPL**

These assets are subsequently measured at fair value.

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

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**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**3.3.4 Impairment**

**Financial assets**

The financial assets other than those that are carried at fair value, if any, are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss, if any, is recognised immediately in the statement of profit or loss and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only, if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

**Non-financial assets**

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss, if any, is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. The Company recognizes the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount, in which case reversal of an impairment loss is treated as a revaluation increase.

**3.4 Off-setting of financial assets and liabilities**

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**3.5 Trade debts and other receivables**

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts

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

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**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**3.6 Prepayments and advances**

These are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

**3.7 Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of statement of cash flows; cash and cash equivalents comprise cash in hand, bank balances and running finances. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

**3.8 Share Capital**

Ordinary shares are classified as equity and recognized at their face value.

**3.9 Trade and other payables**

Trade and other payables are carried at their cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed to the Company or not.

**3.10 Taxation**

Income tax comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognized in statement of comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in statement of comprehensive income or equity.

**Current tax**

Provision for current taxation is based on taxable income at the current rates of taxation after considering rebates and tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalized during the year.

**Deferred tax**

Deferred tax is provided using the statement of financial position liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statement. The amount of deferred tax provided is based on the expect manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the financial reporting dates.

The company recognizes a deferred tax asset only to the extent that it is probable that future taxable profit for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of all deferred tax assets are reviewed at each financial reporting date and reduced to the extent, if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Off-setting**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

**3.11 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

**3.12 Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**3.13 Revenue recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from marking to market financial assets are included in profit and loss (for assets measured at FVTPL)
- Income / profit on exposure deposits is recognized using the effective interest rate.

**3.14 Dividend income**

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

**3.15 Related party transactions**

Transactions and contract with related parties are carried at arm's length and at market rate. Non-arm's length transactions are made after obtaining the approval from board of directors.

**3.16 Trade date accounting:**

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

9.9

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
<b>4 LONG-TERM INVESTMENTS</b>			
Investment in associated undertaking	4.1	58,469,300	57,642,967
LSE Financial Services Limited	4.3	-	-
		<u>58,469,300</u>	<u>57,642,967</u>
<b>4.1 Investment in associated undertaking</b>			
NMDA Limited			
Balance as at July 01,		57,642,967	8,117,430
Add: Reversal of impairment loss through FTVPL		826,333	49,525,537
Less: Impairment charged during the year		-	-
Balance as at June 30,		<u>58,469,300</u>	<u>57,642,967</u>
<b>4.2</b> The company owns 99.99% shares of M/s NMDA Limited (public un-listed company) which is incorporated in Pakistan. Its registered office is situated at 601/1-1 Z, Phase III, DHA, Lahore.			
Investment in NMDA Limited (associated undertaking) is being recorded at its cost less impairment loss at at June 30, 2024 (5,999,600/= shares valued at Rs 9.746 (2023: 5,999,600/= shares valued at Rs 9.608 )). Uptill now loss of Rs 1,526,700 (2023: Loss of Rs. 2,353,033) is being recorded on the aforesaid investment.			
<b>4.3 LSE Financial Services Limited</b>			
Balance as at July 01,		-	16,406,874
Reversal of investment upon classification from long term investment to short term investment		-	(12,808,739)
Reversal of Fair value adjustment reserve due to reclassification of investment from FVTOCI to FVTPL		-	(3,598,135)
Balance as at June 30,		<u>-</u>	<u>-</u>
<b>4.4</b> During the year, LSE Financial Services Limited was demerged into two companies, LSE Venture Limited and LSE Proptech Limited, as per the demerger scheme approved by the Honorable Lahore Highcourt, dated April 26, 2023. During the year company has received the quited shares of LSE Venture Limited and LSE Proptech Limited against shares in LSE Financial Services Limited as per the above mentioned scheme. Due to change in investment form un-quited shares to quited shares, the company has reclassified the investment from available for sale investment to fair value through profit and loss and respective accumulated reserve has been charges to profit and loss account.			
<b>5 LONG-TERM DEPOSITS</b>			
Software (LSE Back Office)		25,000	25,000
Trading Rights Entitlements Certificates	5.1	2,500,000	2,500,000
Lahore Stock Exchange Ltd.		30,000	30,000
		<u>2,555,000</u>	<u>2,555,000</u>

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

As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.



ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
<b>9 CASH AND BANK BALANCES</b>			
<b>Cash at bank</b>			
- Current account		428,829	172,604
		<u>428,829</u>	<u>172,604</u>
<b>10 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
<b>10.1 Authorised share capital</b>			
10,000,000 (2022: 10,000,000 ordinary share of PKR 10 each		<u>100,000,000</u>	<u>100,000,000</u>
<b>10.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
9,700,000 (2023: 9,700,000) ordinary shares of Rs. 10/- each,	10.5	97,000,000	97,000,000
		<u>97,000,000</u>	<u>97,000,000</u>
<b>10.3</b> The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the company. All shares rank equally with regard to company's residual assets.			
<b>10.4</b> There is no variation in voting rights of shareholders (2023: Same)			
<b>10.5 Reconciliation of number of shares outstanding</b>			
<b>Ordinary shares</b>			
Opening number of shares		9,700,000	9,700,000
Issued for cash		-	-
Issued for consideration other than cash		-	-
Closing number of shares		<u>9,700,000</u>	<u>9,700,000</u>
<b>11 LOAN FROM DIRECTOR</b>			
Asad Ali Khan (un secured)	11.1	-	4,217,183
		<u>-</u>	<u>4,217,183</u>

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**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
<b>11.1</b>	This loans was obtained from Mr. Asad Ali Khan holder of 0.001% shares on interest free basis without the provision of the security,for working capital purposes (2023: same).All amount pertaining to loan has been repaid during the year.		
<b>11.2</b>	Maximum aggregate amount outstanding due to loan from directors at the end of any month during the year was Rs. 4,217,183/-.		
<b>12</b>	<b>TRADE AND OTHER PAYABLES</b>		
		80,000	80,000
		<u>80,000</u>	<u>80,000</u>
<b>13</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	There are no known contingencies and commitments as at June 30, 2024 (2023: Nil).		
<b>14</b>	<b>OPERATING REVENUE</b>		
		1,966,852	1,187,681
		25,449,250	11,345,738
		<u>27,416,102</u>	<u>12,533,419</u>
<b>15</b>	<b>OTHER INCOME</b>		
		78,889,049	-
		826,333	49,525,537
		-	40,000
		354,039	1,444,335
		<u>80,069,421</u>	<u>51,009,872</u>
<b>16</b>	<b>OTHER EXPENSES</b>		
		-	11,345,234
		<u>-</u>	<u>11,345,234</u>
<b>17</b>	<b>ADMINISTRATIVE EXPENSES</b>		
		2,961,000	3,143,900
		-	-
		-	9,155
		61,350	67,025
		30,000	118,015
	17.1	80,000	80,000
		55,900	11,286
		173,452	216,790
		7,495	6,467
		19,943	3,570
		60,628	65,000
		274,944	181,124
		35,000	30,471
		435,201	47,152
		2,032	-
		-	4,941
		<u>4,196,945</u>	<u>3,984,897</u>

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ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
<b>17.1 AUDITORS' REMUNERATION</b>			
Statutory Audit		80,000	80,000
		<u>80,000</u>	<u>80,000</u>
<b>18 FINANCE COST</b>			
Bank charges		3,091	2,442
		<u>3,091</u>	<u>2,442</u>
<b>19 TAXATION</b>			
<b>Current tax expense / (income)</b>			
- Current year		3,846,399	1,716,707
- Prior year		-	(6,603)
- Deferred tax		7,487,373	763,214
		<u>11,333,772</u>	<u>2,473,318</u>
<b>19.1</b> No numeric tax rate reconciliation is presented for the current and prior year as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of the Income Tax Ordinance, 2001.			
<b>20 NUMBER OF EMPLOYEES</b>			
		2024 ( number )	2023
Total number of employees at the end of year		<u>4</u>	<u>5</u>
Average number of employees during the year		<u>4</u>	<u>5</u>

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ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
<b>21 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES</b>			
No remuneration is received by the chief executive and directors during the period. Executive means an employee, other than the chief executive and directors, whose salary exceeds twelve hundred thousand rupees in a financial year. The aggregate amount charged in the financial statements for remuneration, including benefits, to the executives of the company as per the terms of the employment are as follows:			
		2024	2023
		Executives	Executives
Managerial remuneration		1,837,000	1,654,000
Number of persons		1	1

**22 RELATED PARTY TRANSACTION**

All transactions between company and related party are accounted for in the normal course of business. Related parties comprise of associated undertakings, directors and their close family members and key management personnel of the Company. Transactions with related parties during the year, except for remuneration of key management personnel, are disclosed as follows:

Name	Relationship with party	% of share holding	Nature of transaction	2024 Rupees	2023 Rupees
Loan from Director	CEO	0.001%	Loan received	1,016,922	4,299,475
			Loan provided	5,234,105	-
			Closing balance	-	4,299,475

**23 FINANCIAL INSTRUMENTS**

**Financial Assets**

**Investment at fair value through profit or loss**

Investment in listed securities 188,819,700 91,482,838

**Cost less impairment loss**

Investment in associated undertaking 58,469,300 57,642,967

**Prepayments and advances**

662,187 595,913

**Loans and receivables**

Cash and bank balances 428,829 172,604

**Financial Liabilities**

**At amortised cost**

Trade and other payables 80,000 80,000

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ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2024

Note	2024 Rupees	2023 Rupees
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**24 CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. However, there was no major reclassification to report except the following:

Reclassification from statement of Financial	Reclassification to statement of Financial Position	Heads	2024	2023
			Rupees	Rupees
Trade debts	Prepayments and advances	Cash deposit with Eclear	162,187	95,913

**25 EVENTS AFTER THE END OF THE REPORTING DATE**

There are no events after balance sheet date that would require any disclosure(2023:same).

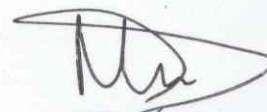
**26 AUTHORISATION FOR ISSUE**

These financial statements were approved by the Company's board of directors and authorised for issue on Sept 14, 2024

**27 GENERAL**

Amounts presented in the financial statements have been rounded off to the nearest of Rs. /Rupees, unless otherwise stated.

  
 Chief Executive

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 Director

CERTIFIED TRUE COPY

**ASAD MUSTAFA SECURITIES (PRIVATE) LIMITED**  
**Audited net worth statement**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1 CAPITAL MANAGEMENT**

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

**1.2 CAPITAL ADEQUACY**

The Capital Adequacy level as required by CDC is Calculated as Follows

<i>Total Assets</i>	<b>1.2.1</b>	250,935,016
<i>Less: Total Liabilities</i>		(7,582,101)
<i>Less: Revaluation Reserves (created upon revaluation of fixed assets)</i>		-
<b>Capital Adequacy Level</b>		<u><u>243,352,914</u></u>

**1.2.1** While determining the value of the total assets of the TREC Holder, Notional value of TREC as at year ended as determined by Pakistan Stock Exchange has been considered.

**1.3 NET CAPITAL BALANCE**

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

A.	Description of Current Assets	Basis of Accounting	Note	Amount Rupees
1.	Cash in hand & Cash in bank	As per book value.		-
	Cash in hand		9	428,829
	Cash at bank-House Account			428,829
2.	Exposure PSX			-
3.	Trade receivables	Book value less those over due		162,187
	Less: Out standing for more than 14 days	for more than 14 days.	7	(162,187)
4.	Investment in listed securities in the name of company	Securities on the Exposure List to Market less 15 % discount.	8	160,496,745
				<u>160,925,574</u>
<b>B.</b>	<b>Description of Current Liabilities</b>			
1.	Trade payables	Book value less those overdue	12	-
	Less: Over due more than 30 days	for more than 30 days		-
2.	Other Liabilities	Accrued & other Liabilities	12	80,000
				<u>80,000</u>
	<b>NET CAPITAL BALANCE</b>			<u><u>160,845,574</u></u>

Yours truly

*Alam & Aulakh*

**Alam & Aulakh**  
Chartered Accountants