

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KHAWAJA SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements **KHAWAJA 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, except for the matters described in the Basis of Qualified Opinion section of our report, 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 loss and other comprehensive loss, the changes in equity and its cash flows and for the year then ended.

Basis for Qualified Opinion

Khawaja Securities has received Rs. 1,200,000,000 having the opening balance of Rs. 75,000,000 making the total Rs. 1,275,000,000 from OZKARTALLAR CAMPAK JOINT VENTURE (not having CDC account in Khawaja Securities) in the financial year June 30, 2024 in Client's Banks of Khawaja Securities. Out of total Rs. 1,275,000,000 amount of Rs. 1,275,000,000 has been transferred in the Bank account of Mr. Khawaja Usman Arif (Chief Executive) during the year.

The amount should be transferred back in the Bank account of OZKARTALLAR CAMPAK JOINT VENTURE instead of CEO's account as it is violation of 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016.

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.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and 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.

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- 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 or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 except for the matters described in Basis of Qualified Opinion section of our report:

- (a) Proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts and returns;
- (c) Investment 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 the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the Financial Statements were prepared.
- (f) The Company was in compliance with the relevant requirements of Future Brokers (Licensing and Operations Regulations), 2018 as at the date on which the statement of financial position was prepared.

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Other Matter

The financial statements of the **KHAWAJA SECURITIES (PRIVATE) LIMITED** for the year ended June 30, 2023 were audited by M/s **MUSHTAQ & CO.** Chartered Accountants who expressed a Qualified opinion on those statements on December 15, 2023.

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

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Alam & Aulakh

Alam & Aulakh
Chartered Accountants

ALAM & AULAKH
CHARTERED ACCOUNTANTS

Place: Lahore
Date: September 14, 2024

UDIN: AR20231019050otaOp6W

KHAWAJA SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 ----- Rupees -----	2023
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized capital			
8,500,000 (2023: 8,500,000) Ordinary shares of Rs.10 each	4	<u>85,000,000</u>	<u>85,000,000</u>
Issued, subscribed and paid-up capital			
8,380,185 (2023: 8,380,185) Ordinary shares of Rs.10 each	4	83,801,850	83,801,850
Unappropriated loss		(38,838,422)	(33,441,597)
Gain on investments at FVOCI		-	(546,984)
Loan from director	5	2,300,000	2,300,000
		<u>47,263,428</u>	<u>52,113,269</u>
CURRENT LIABILITIES			
Trade and other payables	6	6,249,039	68,223,200
Provision for taxation	7	14,332	-
		<u>6,263,371</u>	<u>68,223,200</u>
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		<u>53,526,799</u>	<u>120,336,469</u>
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	9	9,137,799	155,022
Intangible assets	10	21,118,980	21,118,980
Long term investment	11	-	9,006,813
Long term deposits	12	1,400,000	1,245,164
Deferred taxation	13	-	-
		<u>31,656,779</u>	<u>31,525,979</u>
CURRENT ASSETS			
Trade debts	14	11,007,667	9,320,384
Short term investments	15	5,614,365	1,909
Advance income tax	16	776,209	776,209
Advances, deposits and other receivables	17	1,996,377	2,608,256
Cash and bank balances	18	2,475,402	76,103,732
		<u>21,870,020</u>	<u>88,810,490</u>
		<u>53,526,799</u>	<u>120,336,469</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE




DIRECTOR

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

	Note	2024 ----- Rupees -----	2023
Operating revenue	19	5,889,239	4,180,975
Gain / (Loss) on sale of short term investments - net		801,105	(4,775)
Fair value loss on remeasurement of investments through profit or loss		(3,382,921)	(369)
Operating and administrative expenses	20	(8,151,477)	(5,735,933)
Other Income	21	166,667	261,203
Operating income / (loss)		<u>(4,677,387)</u>	<u>(1,298,899)</u>
Finance cost		(17,397)	(12,958)
Loss before taxation		<u>(4,694,784)</u>	<u>(1,311,857)</u>
Taxation	23	(155,057)	(126,546)
Loss after taxation		<u>(4,849,841)</u>	<u>(1,438,403)</u>
Earnings per share - Basic and diluted	24	<u>(0.58)</u>	<u>(0.17)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE




DIRECTOR

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

	Note	2024	2023
		----- Rupees -----	
Loss after taxation		(4,849,841)	(1,438,403)
Other comprehensive income:		-	-
Items that will never be reclassified subsequently to profit or loss			
Investments at fair value through other comprehensive income			
Fair value Gain/(Loss) arised during the period		-	(7,400,061)
Impact of deferred tax		-	(7,400,061)
Total comprehensive income for the year		(4,849,841)	(8,838,464)

The annexed notes from 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE




DIRECTOR

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

Note	2024 ----- Rupees -----	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss after taxation	(4,694,784)	(1,311,857)
Adjustments for non-cash charges and other items:		
Depreciation	1,017,222	19,691
Dividend income	(577,153)	(421,988)
Provision for doubtful debts	-	-
(Gain) / Loss on sale on investment	(801,105)	4,775
Unrealized loss on remeasurement of investment	3,382,921	369
Finance cost	17,397	12,958
	<u>3,039,282</u>	<u>(384,195)</u>
Profit / (loss) before working capital changes	(1,655,502)	(1,696,052)
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Trade debts	(1,687,283)	10,387,828
Advances, deposits and other receivables	611,879	(2,566,506)
(Decrease) / increase in current liabilities:		
Trade and other payables	(61,974,161)	61,045,285
	<u>(63,049,565)</u>	<u>68,866,607</u>
Cash (used in) / generated from operations	(64,705,067)	67,170,555
Income tax paid	(140,725)	(88,172)
Finance cost paid	(17,397)	(12,958)
	<u>(64,863,189)</u>	<u>67,069,425</u>
Net cash (used in) / generated from operating activities	(64,863,189)	67,069,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments- net	812,541	(4,776)
Payment for acquisition of fixed assets	(10,000,000)	-
Dividend received	577,153	421,988
	<u>(8,765,142)</u>	<u>572,048</u>
Net cash generated from investing activities	(8,765,142)	572,048
CASH FLOWS FROM FINANCING ACTIVITIES		
Return from issue of shares, net of share deposit money	-	1,500,000
Issue of new shares	-	-
Repayment of short term borrowing	-	-
	<u>-</u>	<u>1,500,000</u>
Net cash generated from / (used in) financing activities	-	1,500,000
Net (decrease) / increase in cash and cash equivalents	(73,628,331)	69,141,473
Cash and cash equivalents at the beginning of the year	76,103,732	6,962,259
Cash and cash equivalents at the end of the year	18 2,475,401	76,103,732

The annexed notes from 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE





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

PARTICULARS	SHARE CAPITAL	REVENUE RESERVE		GAIN/(LOSS) ON INVESTMENTS AT FVOCI	LOAN FROM DIRECTOR	TOTAL
		ACCUMULATED LOSS				
Balance as at June 30, 2022	82,301,850	(32,003,194)	6,853,077	2,300,000	59,451,733	
Loss for the year	-	(1,438,403)	-	-	(1,438,403)	
Other comprehensive income/ (loss) for the year	-	-	(7,400,061)	-	(7,400,061)	
Issuance of shares	1,500,000	-	-	-	-	
Balance as at June 30, 2023	83,801,850	(33,441,597)	(546,984)	2,300,000	52,113,269	
Loss for the year	-	(4,849,841)	-	-	(4,849,841)	
Other comprehensive income/ (loss) for the year	-	-	-	-	-	
Fair value reserve transferred on derecognition	-	(546,984)	546,984	-	-	
Balance as at June 30, 2024	83,801,850	(38,838,422)	-	2,300,000	47,263,428	

----- Rupees -----

The annexed notes from 1 to 30 form an integral part of these financial statements.



[Signature]
CHIEF EXECUTIVE

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DIRECTOR

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

1. THE COMPANY AND ITS OPERATIONS

Khawaja Securities (Private) Limited (the Company) was incorporated as a private limited company (limited by shares) in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017) on December 27, 2006. The Company is a corporate member of the Pakistan Stock Exchange Limited. The Company is primarily engaged in brokerage of shares, stocks, purchase and sale of securities, financial consultancy, underwriting, portfolio management and securities research. The registered office of the Company is located at Room No. G3, Ground Floor, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. During the year ended June 30, 2023, the company was converted to "Trading Only" category of securities broker as specified in the Securities Brokers (Licensing and Operations) Regulations, 2016.

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 Standards for Small and Medium Size 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
 - Provisions of and directives issued under the Securities Brokers (Licensing and Operations) Regulations, 2016
- Where provisions of and directives issued under the Companies Act, 2017 and Securities Brokers (Licensing and Operations) Regulations, 2016, differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 and Securities Brokers (Licensing and Operations) Regulations, 2016, have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without any adjustment for the fact of inflation or current values except investments and shares that have been measured at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is also the company's functional currency and presentation currency of the company and rounded off to the nearest rupee.

2.4 Key judgements and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Useful lives, residual values and depreciation method of property and equipment- Note 3.1 and 9
- Useful lives, residual values and amortization method of intangible assets- Note 3.2
- Valuation of investment in ordinary shares of LSE Financial Services Limited- Note 3.11
- Provision for doubtful account receivables- Note 3.3
- Estimation of provisions - Note 3.8
- Estimation of contingent liabilities- Note 3.12
- Current income tax expense, provision for current tax and recognition of deferred tax asset- Note 3.15



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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the year in which they are incurred.

Depreciation

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

Disposal

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as income or expense in the statement of profit or loss.

Impairment

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the statement of profit or loss.

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, if no impairment loss had been recognized. The Company recognizes the reversal immediately in the statement of profit or loss.

3.2 Intangible Assets

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

Membership card and offices

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

3.3 Trade debts

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

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



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

3.4 Advances, deposits and other receivables

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

3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost in statement of financial position. For the purpose of statement of cash flows, cash and cash equivalents are comprised of cash in hand, bank balances and short

3.6 Share capital

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

3.7 Trade and other payables

Trade and other payables are recognized initially at cost, which is the fair value of the consideration to be paid, in the future for goods and services received and subsequently measured at amortized cost.

3.8 Provisions

Provisions are recognized 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 recognized 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 recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized 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 recognized 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 recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

3.9 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10 Earning per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shares of the company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.



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

3.11 Financial Assets and Liabilities

Financial Assets

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial

a) Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with nature of investment.

b) At fair value through profit or loss

Investments classified as held for trading are included in the category of financial assets at fair value through profit or loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit or loss of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on reporting date.

c) Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are premeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques. Gains or losses on available-for-sale investments are recognized directly in statement of profit or loss until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in statement of profit or loss, is re-classified from equity to profit or loss as re-classification adjustment.

Financial Liabilities

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

Off setting financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.12 Continge

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



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

3.13 Revenue

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

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the profit or loss in the period in which they
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

3.14 Trade and settlement date accounting

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

3.15 Taxation

Current

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

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

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.

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.

3.16 Method of preparation of statement of cash flows

The statement of cash flows is prepared using indirect method.

3.17 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.



KHAWAJA SECURITIES (PRIVATE) LIMITED
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4. Share capital

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 the Company's residual assets.

5. Loan from director

During the year ended June 30, 2022 Company entered into an agreement with its director and pursuant to the agreement Company received a subordinated loan of Rs. 2,300,000 from the director. This loan is unsecured, Interest free and only payable at the discretion of the company. As per agreement the loan shall be utilized towards meeting running expenses of the company. The loan is presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

	Note	2024	2023
		----- Rupees -----	
6. Trade & other payables			
Trade creditors		3,543,348	67,856,819
Accrued expenses		2,644,220	304,910
Worker welfare fund -Punjab		42,471	42,471
Short term loan		19,000	19,000
		<u>6,249,039</u>	<u>68,223,200</u>
6.1.	This includes Rs. Zero (2023: Rs. 63,719,583) due to related parties.		
7. Provision for taxation			
Opening balance		-	-
Provision made during the year		155,057	126,546
		<u>155,057</u>	<u>126,546</u>
Tax paid / adjusted during the year		(140,725)	(126,546)
Closing balance		<u>14,332</u>	-
8. Contingencies and commitments			

There were no known contingencies or commitments of the Company as at June 30, 2024 and June 30, 2023.



KHAWAJA SECURITIES (PRIVATE) LIMITED
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FOR THE YEAR ENDED JUNE 30, 2024

9. Operating fixed assets

Particulars	2024						Rate %		
	Cost		Accumulated Depreciation			Net Book Value as at June 30, 2024			
	As at July 01, 2023	Additions / (Disposals)	As at June 30, 2024	As at July 01, 2023	Disposal during the year			For the year	
Vehicles	54,000	10,000,000	10,054,000	45,699	-	1,000,830	1,046,529	9,007,471	10
Office equipment	624,715	-	624,715	493,240	-	13,148	506,388	118,327	10
Computer equipment	97,285	-	97,285	95,333	-	586	95,919	1,366	30
Furniture and fixtures	425,431	-	425,431	412,137	-	2,659	414,796	10,635	20
2024	1,201,431	10,000,000	11,201,431	1,046,409	-	1,017,222	2,063,632	9,137,799	

----- Rupees -----

Particulars	2023						Rate %		
	Cost		Accumulated Depreciation			Net Book Value as at June 30, 2023			
	As at July 01, 2022	Additions / (Disposals)	As at June 30, 2023	As at July 01, 2022	Disposal during the year			For the year	
Vehicles	54,000	-	54,000	44,777	-	922	45,699	8,301	10
Office equipment	624,715	-	624,715	478,632	-	14,608	493,240	131,475	10
Computer equipment	97,285	-	97,285	94,496	-	837	95,333	1,952	30
Furniture and fixtures	425,431	-	425,431	408,813	-	3,324	412,137	13,294	20
2023	1,201,431	-	1,201,431	1,026,718	-	19,691	1,046,409	155,022	

----- Rupees -----

9.1. Depreciation for the year has been allocated to operating and administrative expenses (2023: same)



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

10. Intangible assets		2024	2023
	Note	----- Rupees -----	
Trading Right Entitlement Certificate (TREC)	10.1	2,500,000	2,500,000
PMEX Trading Certificate		2,700,000	2,700,000
Offices LSE	10.2	15,918,980	15,918,980
		<u>21,118,980</u>	<u>21,118,980</u>
Impairment		-	-
		<u>21,118,980</u>	<u>21,118,980</u>

10.1 Trading Right Entitlement Certificate (TREC)

It represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. This is carried at cost less accumulated impairment, if any.

10.2. This represents cost of offices given by LSE Financial Services Ltd. with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period over which the entity expects to consume future economic benefits.

11. Long term investment

	Note	2024	2023
		----- Rupees -----	
Investment at Fair Value through OCI			
Balance as at July 01,		9,006,813	
LSE Ventures Limited value at date of Swap (842,810 ordinary shares of Rs.10 each)		-	7,073,458
LSE PropTech Limited value at date of Swap (295,535 ordinary shares of Rs.10 each)		-	2,480,339
		-	9,553,797
Fair Value Adjustment		-	(546,984)
Adjustment due to reclassification from long term investment to short term investments		(9,006,813)	-
		-	<u>9,006,813</u>

11.1 During the year ended June 30, 2023, the company has received shares of LSE Venture Limited at the ratio of 998.6205 shares of LSE Venture Limited against every 1000 shares of LSE Financial Services Limited and under the scheme of compromises, arrangements and reconstruction as envisaged under the provisions of the Companies Act, 2017. LSE Financial Services Limited also distributed 350 bonus shares of LSE PropTech Limited against every 1000 shares of LSE Financial Services Limited. Due to change in investments from un-quoted to quoted shares, the company has reclassified these investments from available for sale to fair value through profit or loss and respective accumulated reserve has been transferred to unappropriated loss. Company intend to dispose of the investment in due course of time, it was re-classified as a Short term investment.

12. Long term deposits

	Note	2024	2023
		----- Rupees -----	
PMEX clearing deposit and margin		1,000,000	845,164
NCCPL security and basic deposit		400,000	400,000
		<u>1,400,000</u>	<u>1,245,164</u>



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13. Deferred Taxation	Note	2024 ----- Rupees -----	2023
Opening balance		-	-
Add / (less): Provided /(reversed) during the year in profit or loss account		-	-
Less: Charged through other comprehensive income due to remeasurements		-	-
		<u>-</u>	<u>-</u>

Deferred tax assets/ (liabilities) arising due to deductible/ (taxable) temporary differences are as follows:

- Deferred tax asset is not recognized on the following:	Note	2024 ----- Rupees -----	2023
Short term Investment		(507,438)	55
Accelerated tax depreciation		(2,621,510)	(16,505)
Provision for doubtful debts		15,890,087	15,400,775
Turnover tax carried forward		186,566	118,081
Brought forward tax losses		6,839,109	4,418,037
		<u>19,786,814</u>	<u>19,920,443</u>

During the year deferred tax asset amounting to Rs. 19,920,443 (2023: Rs. 19,261,468) has arisen. No deferred tax asset has been recognized as the company does not foresee reasonable profits in future.

14. Trade debts	Note	2024 ----- Rupees -----	2023
Trade Debts-Considered good		11,007,667	9,320,384
Trade Debts-Considered doubtful		<u>53,106,121</u>	<u>53,106,121</u>
		64,113,788	62,426,505
Less: Provision for doubtful debts	14.1	(53,106,121)	(53,106,121)
		<u>11,007,667</u>	<u>9,320,384</u>
14.1. Provision for doubtful debts			
Opening balance		53,106,121	53,106,121
Allowance for ECL during the year		-	-
Allowance no longer required/recovered		-	-
Closing balance		<u>53,106,121</u>	<u>53,106,121</u>

14.2. Trade debts include Rs. 9,868,395 (2023: Rs. 8,456,405) receivable from related parties.

14.3. The maximum aggregate amount outstanding, from related parties, by reference to month end balances is Rs.11,448,376 (2023: 8,456,405)



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

	2024	2023
	----- Rupees -----	
15. Short term investments - at fair value through profit or loss		
Investments in listed securities	5,614,365	1,909

Investment in Listed Securities

Askari Bank Limited
 Innovative Investment Bank Limited
 Mcb Pakistan Stock Market Fund
 Zeal Pak Cement Factory Limited
 Beema Pakistan Co. Ltd.
 Javed Omer Vohra and Company Limited
 LSE Capital Limited
 LSE Venture Limited
 K Electric Limited

No. of Securities	Fair value 2024	No. of Securities	Fair value 2023
128	2,884	147	1,905
-	-	188	-
-	-	4	-
200	-	200	-
7,500	-	7,500	-
16	-	16	-
245,293	765,314		
842,810	4,846,158		
2	9	2	3
1,095,949	5,614,365	8,057	1,909

15.1. During the year ended June 30, 2024 shares of LSE Proptech Limited have been converted into shares of LSE Capital Limited at the rate of 833 shares for every 1,000 shares.



KHAWAJA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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			2024	2023
		----- Rupees -----		
16. Advance income tax	Note			
Opening balance			776,209	814,583
Add: Payment during the year			140,725	71,912
			916,934	886,495
Adjusted against provision for the year			(140,725)	(110,286)
Closing balance			776,209	776,209
			2024	2023
17. Advances, deposits and other receivables	Note	----- Rupees -----		
Staff advances - unsecured, considered good			-	750
Eclear receivable			1,996,377	2,607,506
			1,996,377	2,608,256
18. Cash and bank balances	Note	----- Rupees -----	2024	2023
Cash in hand			54,794	64,066
Cash at bank				
-Client accounts				
Current	18.1		16,356	76,009,212
Saving			1,745	1,745
-Propriety accounts				
Current			1,710	1,710
Saving			2,400,798	26,999
			2,475,402	76,103,732
18.1.	Cash at bank include customers' assets in the amount of Rs. 18,100 (2023: Rs. 76,010,957).			
18.2.	Saving account carries markup which ranges from 19% (2023: 12.5% to 20.55%).			
			2024	2023
19. Operating revenue		----- Rupees -----		
Brokerage income			21,761,359	10,637,808
Less: Commission			(16,449,273)	(6,878,821)
			5,312,086	3,758,987
Dividend income			577,153	421,988
			5,889,239	4,180,975
20. Operating and administrative expenses	Note	----- Rupees -----	2024	2023
Staff salaries, allowances and other benefits	22		5,607,345	3,727,440
Office Electricity, Water, Gas			101,424	340,981
Telephone and internet charges			286,527	63,591
Rent, rates & taxes			590,041	40,309
Repair and maintenance			80,352	348,316
PSX charges			27,507	168,568
CDC & NCCPL Charges			14,855	112,282
Fee & subscription			140,775	264,365
Unconfirmed deposits written off			-	154,836
Auditors' remuneration				
- Statutory audit			143,711	320,258
- System audit			35,000	
- Certification charges			500	126,250
			179,211	446,508
Depreciation	9		1,017,222	19,691
Miscellaneous expenses			106,218	49,046
			8,151,477	5,735,933



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21. Other Income	Note	2024 — Rupees —	2023
Profit on PLS saving accounts		56,744	20,787
Profit on Eclear Exposure deposit		109,923	860
Other Income		-	239,556
		<u>166,667</u>	<u>261,203</u>
22. Remuneration of Chief Executive, Director and Executives		2024	2023
		— Rupees —	
Managerial remuneration	No of Persons		
Chief Executive Officer	1	5,181,345	2,961,815
Director	0	-	-
		<u>5,181,345</u>	<u>2,961,815</u>
Executive means an employee, other than chief executive officer and directors, whose annual gross salary equals or exceed Rs. 1,200,000 during a financial year. There was no person employed during the year whose gross salary exceeds Rs. 1,200,000 per annum.			
	Note	2024	2023
		— Rupees —	
23. Taxation			
Current-current year	23.1	155,057	110,286
Current-Prior year		-	16,260
Deferred		-	-
		<u>155,057</u>	<u>126,546</u>
23.1	Provision for current year includes mainly tax on dividend income and commission income under section 150 and 113 respectively of the Income Tax Ordinance, 2001.		
23.2	Reconciliation of applicable rate and effective rate of tax has not been made due to the application of minimum tax u/s 113 in current year.		
24. Earning per share - Basic and diluted		2024	2023
Net (loss) / profit for the year (Rupees)		<u>(4,849,841)</u>	<u>(1,438,403)</u>
Weighted average number of shares outstanding during the period		<u>8,380,185</u>	<u>8,373,199</u>
(Loss) / earnings per share - basic and diluted (Rupees per share)		<u>(1)</u>	<u>(0.17)</u>
25. Financial instruments		2024	2023
Financial assets	Note	— Rupees —	
At amortized cost			
Long term deposits		1,400,000	1,245,164
Trade debts		11,007,667	9,320,384
Cash and bank balances		2,475,402	76,103,732
		<u>14,883,069</u>	<u>86,669,280</u>
Fair value through P&L			
Short term investments		5,614,365	1,909
		<u>5,614,365</u>	<u>1,909</u>
Fair value through OCI			
Long term investment		-	9,006,813
		<u>-</u>	<u>481,042</u>
Total financial assets		<u>20,497,434</u>	<u>87,152,231</u>
Financial liabilities			
At amortized cost			
Trade and other payables		6,249,039	68,223,200
Provision for taxation		14,332	-
Total financial liabilities		<u>6,263,371</u>	<u>68,223,200</u>



KHAWAJA SECURITIES (PRIVATE) LIMITED
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26. Transactions with related parties

Related parties from the Company's perspective comprise of key management personnel, directors and key shareholders of the Company. Transactions with related parties, other than those which have specifically been disclosed else where in these financial statements are as follows:

2024		
Chief Executive/ Director	Other related parties	Total
Rupees		

Purchase of marketable securities for and on behalf of	-	-	-
Sale of marketable securities for and on behalf of	-	-	-
Brokerage income	-	-	-
Receipts during the year	1,202,351,749	-	1,202,351,749
Payments during the year	1,277,805,597	-	1,277,805,597

2023		
Chief Executive/ Director	Other related parties	Total
Rupees		

Purchase of marketable securities for and on behalf of	5,998,158	-	5,998,158
Sale of marketable securities for and on behalf of	14,285,337	-	14,285,337
Brokerage income	3,043	-	3,043
Receipts during the year	782,098,964	-	782,098,964
Payments during the year	711,112,417	-	711,112,417

27. Number of employees

	2024	2023
	----- Numbers -----	
Total number of employees as at June 30,	3	4
Average number of employees during the year June 30,	3	4

28. Events after the reporting date

There were no events after the end of the reporting date that might need reporting in these financial statements (2023: same).

29. Date of authorization of issue

These financial statements were authorized by the board of directors of the Company for issuance on September 14, 2024.

30. General

- Amounts have been rounded off to the nearest rupee, unless otherwise stated.
- Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. There was no major reclassification happened during the year that require disclosure


CHIEF EXECUTIVE




DIRECTOR