

## TABLE OF CONTENTS

Directors' Report	1
Statement of Compliance	2
Statement of CEO	3
Independent Auditors Report to the Members	4
Statement of Financial Position	5
Statement of Profit or Loss	6
Statement of Comprehensive Income	7
Statement of Cash Flows	8
Statement of Changes in Equity	9
Depreciation note	10
Notes to the Financial Statements	11



# ASA STOCKS (PVT.) LIMITED

TREC HOLDER: Pakistan Stock Exchange Limited

(TREC # 284, SECP Reg. No. BRP-241)

Reliable Shares Trading Services

🏠 : 79/A-C1, Gulberg III, Lahore, Pakistan

☎ : +92-42-35785351-55

✉ : info@asastocks.com

🌐 : www.asastocks.com

## Directors' Report to the Members

### Dear Shareholders:

The Directors of the Company are pleased to present their report under section 226 of the Companies Act, 2017 together with Audited Financial Statements for the year ended June 30, 2023.

### Economic Review:

Pakistan's economy is currently under severe stress with low foreign reserves, a depreciating currency, and high inflation. With high public consumption, economic growth increased substantively above potential in FY22 that led to strong pressures on domestic prices, external and fiscal sectors, the exchange rate, and foreign reserves. These imbalances were exacerbated by the catastrophic flooding in 2022, surging world commodity prices, tightening global financing conditions, and domestic political uncertainty. Furthermore, distortive policy measures, including periods of informal exchange rate restrictions and import controls, delayed the IMF program, and contributed to creditworthiness downgrades, lower confidence, high yields and interest payments, and the loss of access to international capital market. Economic growth is expected to slow and remain below potential in the medium-term. Real GDP growth is expected to slow sharply to 0.4 percent, reflecting corrective tighter fiscal policy, flood impacts, high inflation, high energy prices and import controls. Agricultural output is expected to contract for the first time in more than 20 years due to the floods. Industry output is also expected to shrink with supply chain disruptions, weakened confidence, higher borrowing costs and fuel prices, and heightened uncertainty. The drop in Pakistan Stock Exchange index so far has not been spectacular but steady. After the customary January increase – the index has come down 2 percent from the start of 2023 and is down 9 percent from a year ago. Business and consumer confidence indices have repeatedly shown negative trends, inflation has breached a 50-year high, reserves are razor thin, and the interest rates may not have peaked yet. The KSE-100 index too has had a long-standing firm relationship with 10-year market yields, which have softened of late, as short-term yield, go up. There could still be a bull run in that context – but that is most likely to fade sooner than later, as all fundamentals point towards more struggle – both on economic and political fronts.

### Stock Market Review:

Pakistan stock market's performance has posted a boom and bust situation during FY 2023 due to geopolitical tension, especially Russia-Ukraine conflict, and domestic political uncertainty. Later (since February 2022), the Russia- Ukraine conflict exacerbated the economic challenges as the super cycle of commodity prices widened the country's current account deficit (CAD) and worsened the balance of crisis.

The benchmark KSE-100 index opened at 41,540.83 points on 1<sup>st</sup> July 2022 and declined by 3.71% in the initial nine (09) months of FY 2023. Investment at PSX, as market capitalization (the total value of listed companies) slumped to a multiyear low at Rs 6.108 trillion, compared to the peak of Rs 6.95 trillion in June 2022. Market capitalization of the PSX was 6,956.51 billion on the 30<sup>th</sup> June 2022.

### Financial Performance:

	2023	2022
<b>Operating Revenue</b>	2,929,594	3,044,883
<b>Gain/ (Loss) on sale of Investment</b>	-	-
<b>Other Income</b>	435,240	435,757
<b>Profit before Tax</b>	(5,507,732)	(28,868,827)
<b>Profit after Tax</b>	(5,939,828)	(29,266,653)
<b>EPS (Rs.)</b>	(9.07)	(44.67)

The operating revenue has decreased during the year as compared to the last year. The company is trying its best to yield better volumes by providing improved quality of services through extensive research, corporate access and advisory services. We are working on expanding our client base in order to increase the market participation of investors and avail benefits from lucrative market opportunities.

### Risk Management:

The Board of Directors of the company actively drives the risk management framework wherein it provides an active approach in dealing with factors that influence the financial health of the company. An effective risk management framework along-with robust risk governance structure, strong capital & liquidity position and good quality of investment portfolio, remains a cornerstone to accomplish the goals of the company.

### **Code of Corporate Governance:**

The Board and Management of the Company are committed to ensuring the requirements of the Code of Corporate Governance are fully met. The Company has adopted strong Corporate Governance practices with an aim to enhance the accuracy, comprehensiveness and transparency of the financial and non- financial information. The Directors are pleased to report that:

- The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- The company has on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;
- There are no transactions entered into by the broker during the year which are fraudulent, illegal or in violation of any securities market laws.

### **Human Resource**

The focus of the HR department at ASA STOCKS (PVT.) LIMITED is to recruit, develop, retain and reward the best talent. We strive to ensure that our employment policies meet relevant social, statutory and regulatory conditions and remain committed to build and maintain strong collective relationships. All HR policies have been reviewed by the board committee and updated in accordance with present day requirements and corporate framework of the company as the management recognizes this to be a critical area, having a strong impact on performance, procedures and business ethics. All approved policies are available to employees to enhance employee awareness and participation.

**Internal Financial Controls:**

The internal control structure of ASA STOCKS (PVT.) LIMITED comprises the Board of Directors, internal audit and compliance department. The company's internal audit and compliance department is responsible to establish and maintain an adequate and effective system of internal controls and procedures under the policies approved by the Board. The management is also responsible for evaluating effectiveness of the company's internal control system that covers material matters through identification of control objectives as well as review of significant policies and procedures. The company's internal control system has been designed to identify and mitigate the risk of failure to achieve overall business objectives of the Company. Internal controls and policies are designed to provide reasonable assurance regarding the effectiveness and efficiency of the company's operations, reliability of financial information and compliance with applicable laws and regulations.

**Environment, Health and Safety:**

The company maintains secure and safe working conditions avoiding the risk to the health of employees, customer and public at large.

**Impact of the company's business on the environment:**

Company's nature of business is service provider; hence its activities have a minimal impact on the environment. The company has a policy to minimize the use of paper. All the communication between employees, departments and clients is done through emails; unless in matters of imperative necessity.

**Related Party Transaction:**

In order to comply with the requirements of the listing regulations, the Company has presented all related party transactions to the board for their review and approval. The details of all related party transactions have been provided in note 18 of the annexed audited financial statements.

**Changes in the Board:**

During the year under review, there was no change in the structure of Board.

**Pattern of Shareholding:**

Annexed with Note no 14.

**Auditors:**

The Board recommends appointment of M/S IECnet S.K.S.S.S. Chartered Accountants as the statutory auditors of the Company for the year ended June 2023 in the forthcoming Annual General Meeting.

**Post Balance Sheet Date Event / Dividend:**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of the report.

**Appreciation and Acknowledgements:**

The Board of Directors of ASA STOCKS (PVT.) LIMITED would like to thank the GOP, the SECP, NCCPL, CDC, PSX, the bankers to the company and other regulatory bodies for their continued support, all esteemed shareholders and clients of the company for their trust, and our co-colleague's & employees of the company for their continuous dedication and commitment.

**On behalf of the Board of Directors**



Director

Date: October 07, 2023

  
Chief Executive Officer



# ASA STOCKS (PVT.) LIMITED

TREC HOLDER: Pakistan Stock Exchange Limited

(TREC # 284, SECP Reg. No. BRP-241)

Reliable Shares Trading Services

🏠 : 79/A-C1, Gulberg III, Lahore, Pakistan

☎ : +92-42-35785351-55

✉ : info@asastocks.com

🌐 : www.asastocks.com

## **Statement of Compliance** **For the Year Ended June 30, 2023.**

The company has complied with the requirements of the Regulations in the following manner:

- The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (MSE) , as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The brokerage house is considered to be a going concern, and there is no reason(s) that the brokerage house is unable to continue as going concern.
- The company is not made any default in any kind of payment of loan, TFC, Sukuk or other instruments.
- The Company has duly complied with the Corporate Governance Code.

  
\_\_\_\_\_  
Chief Executive Officer



Place: Lahore

Date: October 07, 2023



# ASA STOCKS (PVT.) LIMITED

**TREC HOLDER: Pakistan Stock Exchange Limited**

(TREC # 284, SECP Reg. No. BRP-241)

Reliable Shares Trading Services

🏠 : 79/A-C1, Gulberg III, Lahore, Pakistan

☎ : +92-42-35785351-55

✉ : info@asastocks.com

🌐 : www.asastocks.com

## STATEMENT OF CEO

**For the Year Ended June 30, 2023.**

I CEO of ASA Stocks (Pvt.) Limited hereby undertake that there are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities market laws.

  
\_\_\_\_\_  
Chief Executive Officer



Place: Lahore

Date: October 07, 2023





**INDEPENDENT AUDITORS' REPORT**  
**To the members ASA STOCKS (PVT.) LIMITED**  
**Report on the Audit of the Financial Statements**

**Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include 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.

### **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 accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required



to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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


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

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) No zakat was deductible at source under the zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) The Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the Financial Statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Aslam Khan-FCA.

  
IECnet S.K.S.S.S.  
Chartered Accountants  
Lahore



Date: October 07, 2023  
UDIN: AR2023102189WavQ7rC4

**ASA STOCKS (PVT.) LIMITED**

**Financial Statements**

**For the Year Ended 30 June, 2023**

**ASA STOCKS (PVT.) LIMITED**

**Statement of Financial Position**

*As at 30 June, 2023*

ASSETS	Note	2023 Rupees	2022 Rupees
<b>Non-current assets</b>			
Property and equipment	5	2,529,372	2,973,392
Intangible assets	6	7,803,634	7,803,634
Long term investments	7	-	16,406,874
Long term deposits	8	190,000	290,000
		<b>10,523,006</b>	<b>27,473,900</b>
<b>Current assets</b>			
Trade debts - net	9	-	-
Deposits, prepayments and other receivables	10	93,407	-
Income tax refundable	11	2,268,856	1,831,817
Short term investments	12	50,524,878	46,615,117
Cash and bank balances	13	978,713	226,634
		<b>53,865,855</b>	<b>48,673,568</b>
		<b>64,388,861</b>	<b>76,147,468</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, Subscribed & paid up Capital.	14	65,520,000	65,520,000
Unappropriated profit/(loss)		(93,243,255)	(87,303,427)
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		(546,980)	6,853,076
Long-term loan from Director	15	66,125,000	66,125,000
<b>Total equity</b>		<b>37,854,765</b>	<b>51,194,649</b>
<b>Current liabilities</b>			
Trade and other payables	16	634,999	125,001
Provision for taxation	17	829,922	397,826
Short-term borrowings	18	25,069,175	24,429,992
		<b>26,534,096</b>	<b>24,952,819</b>
<b>Contingencies and commitments</b>	19	-	-
		<b>64,388,861</b>	<b>76,147,468</b>

*The annexed notes from 1 to 37 form an integral part of these financial statements.*

  
  
**Chief Executive Officer**

  
  
**Director**

**ASA STOCKS (PVT.) LIMITED****Statement of Profit or Loss***For the Year Ended 30 June, 2023*

	<i>Note</i>	<b>2023</b> <b>Rupees</b>	<b>2022</b> <b>Rupees</b>
Operating revenue	20	2,929,594	3,044,883
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL	12	(5,097,057)	(26,066,373)
		<u>(2,167,463)</u>	<u>(23,021,490)</u>
Operating and administrative expenses	21	(3,138,109)	(4,962,153)
<b>Operating profit / (loss)</b>		<b>(5,305,572)</b>	<b>(27,983,643)</b>
Financial charges	22	(637,401)	(1,320,941)
Other income / (loss)	23	435,240	435,757
<b>Profit / (loss) before taxation</b>		<b>(5,507,732)</b>	<b>(28,868,827)</b>
Taxation	24	(432,096)	(397,826)
<b>Profit/(loss) for the year</b>		<b>(5,939,828)</b>	<b>(29,266,653)</b>
<b>Earnings/(loss) per share - basic</b>	25	<b>(9.07)</b>	<b>(44.67)</b>

*The annexed notes from 1 to 37 form an integral part of these financial statements.*

  
**Chief Executive Officer**



  
**Director**



# ASA STOCKS (PVT.) LIMITED

## Statement of Cash Flows

For the Year Ended 30 June, 2023

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation		(5,507,732)	(28,868,827)
<b>Adjustments:</b>			
Depreciation and impairment	5	444,020	523,537
Unrealized loss / (gain) on short-term investments	12	5,097,057	26,066,373
Dividend Income	20	(2,836,618)	(2,576,858)
Finance charges	22	637,401	1,320,941
		<u>3,341,860</u>	<u>25,333,993</u>
<b>Operating profit / (loss) before working capital changes</b>		<b>(2,165,872)</b>	<b>(3,534,834)</b>
<b>(Increase)/decrease in current assets</b>			
Trade debts - net	9	-	826,348
Deposits, prepayments and other receivables	10	(93,407)	295,439
<b>Increase/(decrease) in current liabilities</b>			
Trade and other Payable	16	509,998	(2,418,997)
		<u>416,591</u>	<u>(1,297,211)</u>
<b>Cash generated from / (used in) operations</b>		<b>(1,749,281)</b>	<b>(4,832,044)</b>
<b>Finance charges</b>			
Finance charges	22	(637,401)	(1,320,941)
Taxes paid		(437,039)	(386,500)
Dividend Received	20	2,836,618	2,576,858
		<u>1,762,178</u>	<u>869,417</u>
<b>Net cash from/(used in) operating activities</b>		<b>12,896</b>	<b>(3,962,627)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from net sales of / (acquisition of) short-term investments	12	-	(3,613,054)
Decrease / (increase) in long-term deposits	8	100,000	600,000
<b>Net cash generated from / (used in) investing activities</b>		<b>100,000</b>	<b>(3,013,054)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Short term borrowing	18	(15,429,992)	4,670,671
Increase in Short term borrowing	18	16,069,175	-
<b>Net cash generated from / (used in) financing activities</b>		<b>639,183</b>	<b>4,670,671</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>752,079</b>	<b>(2,305,010)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>226,634</b>	<b>2,531,644</b>
<b>Cash and cash equivalents at the end of the year</b>	13	<b>978,713</b>	<b>226,634</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chief Executive Officer



  
Director



# ASA STOCKS (PVT.) LIMITED

## Statement of Changes in Equity


For the Year Ended 30 June, 2023

	Issued, subscribed and paid-up capital	Unappropriated profit/ (loss)	Unrealized surplus / (deficit) on re- measurement of investments measured at FVOCI	Total
	.....Rupees.....			
Balance as at June 30, 2021	65,520,000	(58,036,774)	10,980,115	18,463,341
<b>Total comprehensive income/ (loss) for the year</b>				
Profit/(loss) for the year	-	(29,266,653)	-	(29,266,653)
Other comprehensive income/(loss)	-	-	(4,127,039)	(4,127,039)
	-	(29,266,653)	(4,127,039)	(33,393,692)
Balance as at June 30, 2022	<u>65,520,000</u>	<u>(87,303,427)</u>	<u>6,853,076</u>	<u>(14,930,351)</u>
<b>Total comprehensive income/ (loss) for the year</b>				
Profit/(loss) for the year	-	(5,939,828)	-	(5,939,828)
Other comprehensive income/(loss)	-	-	(7,400,056)	(7,400,056)
	-	(5,939,828)	(7,400,056)	(13,339,884)
Balance as at 30 June, 2023	<u>65,520,000</u>	<u>(93,243,255)</u>	<u>(546,980)</u>	<u>(28,270,235)</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
 Chief Executive Officer



  
 Director

**ASA STOCKS (PVT.) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended June 30, 2023**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

**ASA STOCKS (PVT.) LIMITED** (the "Company") was incorporated in Pakistan on **November 08, 2012** as a private limited company, limited by shares, under the Companies Ordinance 1984 (Now Companies Act. 2017). The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited.

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

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

**Registered Office:** 79/A-C1, Gulberg III, Lahore, Pakistan.

**Corporate Office:** 79/A-C1, Gulberg III, Lahore, Pakistan.

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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

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

**3.2 Accounting convention**

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

- Short Term Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;





**(b) IAS 16 - Proceeds before an asset's intended use**

**January 01, 2022**

IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

**(a) IAS 1 - Disclosure of accounting policies**

**Effective date  
January 01, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

**(b) IAS 8 - Definition of accounting estimates**

**Effective date  
January 01, 2023**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

**(c) IAS 12 - Deferred tax**

**Effective date  
January 01, 2023**

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.



**Effective date**  
**January 01, 2024**

**(d) IAS 1 - Classification of liabilities as current or non-current**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

**Effective date**  
**January 01, 2024**

**(e) IFRS 16 - Sale and leaseback transaction**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-lease back transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

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

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **4.1 Property and equipment**

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



Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss account during the year in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

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

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

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

## 4.2 Intangible assets

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

### 4.2.1 Membership cards and offices

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



### 4.3 Investment property

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

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

### 4.4 Investment in associates

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

### 4.5 Financial instruments

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

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

#### (a) Financial assets measured at amortized cost

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

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

#### (b) Financial assets at FVOCI

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

- (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (ii) It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at



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

**(c) Financial assets at FVTPL**

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

Such financial assets are initially measured at fair value.

**4.5.2 Initial recognition**

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

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

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

**4.5.3 Subsequent measurement**

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

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

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

**(b) Financial assets at FVOCI**

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

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





comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognized in profit or loss.

**(c) Financial assets at FVTPL**

These assets are subsequently measured at fair value.

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

**4.5.4 Impairment**

**Financial assets**

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

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

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

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

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



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

#### **Non-financial assets**

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

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

#### **4.6 Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.7 Trade debts and other receivables**

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

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

#### **4.8 Cash and cash equivalents**

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

#### **4.9 Borrowings**

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net



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

#### **4.10 Trade and other payables**

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

#### **4.11 Staff retirement benefits**

The Company did not have any retirement benefits plan.

#### **4.12 Taxation**

Income tax expense comprises current and deferred tax.

##### **Current**

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

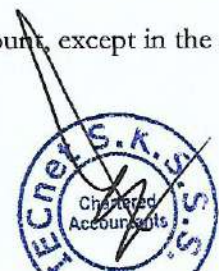
##### **Deferred**

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case



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

#### 4.13 Provisions

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

#### 4.14 Revenue recognition

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

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

#### 4.15 Dividend income

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

#### 4.16 Mark up / interest income

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



#### **4.17 Borrowings**

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

#### **4.18 Borrowing costs**

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

#### **4.19 Fiduciary assets**

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

#### **4.20 Foreign currency transactions and translation**

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

#### **4.21 Derivative financial instruments**

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

#### **4.22 Related party transactions**

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

#### **4.23 Settlement Date Accounting**

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



5 PROPERTY AND EQUIPMENT

2023						
	Office Building	Computer Equipment	Furniture & Fixtures	Electric Equipment	Vehicles	Total Rupees
<b>As at July 1, 2022</b>						
Cost	145,520	550,630	537,830	155,826	5,743,000	7,132,806
Accumulated Depreciation	(95,647)	(389,135)	(373,985)	(143,380)	(3,157,267)	(4,159,414)
Net book value	49,873	161,495	163,845	12,446	2,585,733	2,973,392
<b>Movement during the period</b>						
<b>Additions</b>	-	-	-	-	-	-
<b>Disposals</b>						
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Depreciation charge for the period	4,987	32,299	16,384	2,489	387,860	444,020
<b>As at June 30, 2023</b>						
Cost	145,520	550,630	537,830	155,826	5,743,000	7,132,806
Accumulated Depreciation	(100,634)	(421,434)	(390,370)	(145,869)	(3,545,127)	(4,603,434)
Net book value	44,886	129,196	147,460	9,957	2,197,873	2,529,372
<b>Depreciation rate per annum</b>	10	20	10	20	15	
2022						
	Office Building	Computer Equipment	Furniture & Fixtures	Electric Equipment	Vehicles	Total Rupees
<b>As at July 1, 2021</b>						
Cost	145,520	550,630	537,830	155,826	5,743,000	7,132,806
Accumulated Depreciation	(90,105)	(348,761)	(355,780)	(140,269)	(2,700,961)	(3,635,876)
Net book value	55,415	201,869	182,050	15,557	3,042,039	3,496,930
<b>Movement during the period</b>						
<b>Additions</b>	-	-	-	-	-	-
<b>Disposals</b>						
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Depreciation charge for the period	5,541	40,374	18,205	3,111	456,306	523,537
<b>As at June 30, 2022</b>						
Cost	145,520	550,630	537,830	155,826	5,743,000	7,132,806
Accumulated Depreciation	(95,647)	(389,135)	(373,985)	(143,380)	(3,157,267)	(4,159,414)
Net book value	49,873	161,495	163,845	12,446	2,585,733	2,973,392
<b>Depreciation rate per annum</b>	10	20	10	20	15	



ASA STOCKS (PVT.) LIMITED  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 2023

6 INTANGIBLE ASSETS

Trading Rights Entitlement Certificate ("TREC")  
Rooms - Lahore Stock Exchange

Impairment

Note	2023 Rupees	2022 Rupees
6.1	2,500,000	2,500,000
6.2	5,303,634	5,303,634
	7,803,634	7,803,634
	-	-
	<u>7,803,634</u>	<u>7,803,634</u>

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

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. PSX vide notice. PSX/N-225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million.

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

7 LONG-TERM INVESTMENTS

Investments at fair value through OCI

LSE Financial Services Limited (unquoted) - at fair value  
Adjustment for remeasurement to fair value  
Shares transferred to Short term Investment

7.1	16,406,874	20,533,913
	-	(4,127,039)
	(16,406,874)	-
	<u>-</u>	<u>16,406,874</u>

7.1 The LSEFSL Demerger Entitlement in EOD For every share 1000 share of 998.6205 of LSE Ventures Limited as on June 21, 2023. LSE Ventures Limited is listed company with PSX and shares are ready trade in open market and Company indent to dispose of the investment in due course of time, it was re-classified as a Short term investment.

8 LONG-TERM DEPOSITS

Central Depository Company Limited  
Security deposits- Office Building

100,000	200,000
90,000	90,000
<u>190,000</u>	<u>290,000</u>

9 TRADE DEBTS

Considered good  
Considered doubtful

9.1	-	-
	11,418,137	11,418,137
	<u>11,418,137</u>	<u>11,418,137</u>

Less: Provision for doubtful debts

9.2	(11,418,137)	(11,418,137)
	<u>-</u>	<u>-</u>

9.1 The Company shifted their TREC from "Self Clearing to Trading Only" category and Client holdings and balances are shifted to Eclear as on October 22, 2021.

9.2 Movement in provision against trade debts is as under:

Opening balance (as at July 1)	11,418,137	11,517,709
Charged to profit and loss during the year	-	(99,572)
	<u>11,418,137</u>	<u>11,418,137</u>
Amounts written off during the year	-	-
Closing balance (as at June 30)	<u>11,418,137</u>	<u>11,418,137</u>

10 TRADE DEPOSITS & OTHER RECEIVABLES

Receivables from Eclear  
Other receivables

23,406	-
70,001	-
<u>93,407</u>	<u>-</u>



**ASA STOCKS (PVT.) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 2023**

**11 INCOME TAX REFUNDABLE**

	Note	2023 Rupees	2022 Rupees
Opening balance (as at July 1)		1,831,817	1,723,834
Add: Current year additions		437,039	386,500
		<u>2,268,856</u>	<u>2,110,334</u>
Less: Adjustment against provision for taxation		-	(278,518)
Closing balance (as at June 30)		<u>2,268,856</u>	<u>1,831,817</u>

**12 SHORT TERM INVESTMENTS**

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

Investments in listed securities		46,615,117	72,681,490
Unrealized gain/(loss)		(5,097,057)	(26,066,373)
<b>Investments in listed securities</b>	<b>12.1</b>	<b>41,518,060</b>	<b>46,615,117</b>

Company is now in Trading only TREC Holder and Clearing is with E-Clear.

**Investment at fair value through other comprehensive income**

Shares of LSEVL		12,147,341	-
Un realized gain/(loss) on remeasurement of Investment	12.2	(4,562,051)	-
		<u>7,585,290</u>	<u>-</u>
Shares of LSEPL		4,259,533	-
Un realized gain/(loss) on remeasurement of Investment	12.2	(2,838,004)	-
		<u>1,421,528</u>	<u>-</u>
		<u>9,006,818</u>	<u>-</u>
	<b>12.1 &amp; 12.2</b>	<b>50,524,878</b>	<b>46,615,117</b>

**12.1 Investments at fair value through profit or loss**

2023	2022	Symbol	Name of investee	2023	2022
Number of share				Market Value in rupees	
78,750	78,750	AGHA	AGHA STEEL INDUSTRIES LIMITED	765,450	1,234,800
57,500	50,000	AKBL	ASKARI BANK LIMITED	745,200	871,500
170,000	170,000	ASL	AISHA STEEL MILLS LIMITED	918,000	1,878,500
123,750	112,500	BOP	THE BANK OF PUNJAB	429,413	609,750
25,000	25,000	DGKC	D.G. KHAN CEMENT COMPANY LIMITED	1,282,500	1,562,500
700,000	700,000	DSL	DOST STEELS LIMITED	3,717,000	3,738,000
56,250	50,000	FCCL	FAUJI CEMENT COMPANY LIMITED	661,500	708,500
56,028	56,028	FFBL	FAUJI FERTILIZER BIN QASIM LIMITED	660,010	1,134,007
27,000	27,000	FFC	FAUJI FERTILIZER COMPANY LIMITED	2,657,880	2,975,940
165,000	165,000	FFL	FAUJI FOODS LIMITED	947,100	1,093,950
1,300,000	1,300,000	HASCOL	HASCOL PETROLEUM LIMITED	7,215,000	5,486,000
200,000	200,000	HIRAT	HIRA TEXTILE MILLS LIMITED	262,000	468,000
270,000		JSCL	JAHANGIR SIDDIQUI & COMPANY LIMITED	2,565,000	3,569,400
	270,000				
200,000	200,000	LOTCEM	LOTTE CHEMICAL PAKISTAN LIMITED	5,504,000	4,724,000
30,000	30,000	MLCF	MAPLE LEAF CEMENT FACTORY LIMITED	849,900	820,500
104,380	104,380	PAEL	PAK ELEKTRON LIMITED	944,639	1,658,598
130,000		PAKRI	PAKISTAN REINSURANCE COMPANY LIMITED	821,600	1,137,500
	130,000				
740,389	740,389	PIBTL	PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED	3,042,999	4,457,142
112,000	112,000	PRL	PAKISTAN REFINERY LIMITED	1,518,720	2,003,680
1,600,000	1,600,000	SILK	SILKBANK LIMITED	1,600,000	1,888,000
25,000	25,000	SNGP	SUI NORTHERN GAS PIPELINES LIMITED	984,250	855,250
310,000	310,000	SSGC	SUI SOUTHERN GAS COMPANY LIMITED	2,662,900	2,808,600
700,000	700,000	WIL	WORLDCELL TELECOM LIMITED	763,000	931,000
<b>7,181,047</b>	<b>7,156,047</b>		<b>TOTAL</b>	<b>41,518,060</b>	<b>46,615,117</b>





ASA STOCKS (PVT.) LIMITED  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 2023

12.2 Investment at fair value through other comprehensive income

2023	2022	Symbol	Name of investee	2023	2022
Number of share				Market Value in rupees	
295,536	-	LSEPL	LSE PROPTECH LIMITED	1,421,528	-
842,810	-	LSEVL	LSE VENTURES LIMITED	7,585,290	-
1,138,346	-		<b>TOTAL</b>	9,006,818	-
<b>8,319,393</b>	<b>7,156,047</b>		<b>GRAND TOTAL</b>	<b>50,524,878</b>	<b>46,615,117</b>

12.3 The number of house peldge securities 212,500 and value of house pledge securities is amounting to Rs. 6,499,285/- with NCCPL.

Note	2023 Rupees	2022 Rupees
	213,323	203,516
	-	3,076
13.1	765,390	20,042
	<b>978,713</b>	<b>226,634</b>

13 CASH AND BANK BALANCES

Cash in hand

Cash at bank

Client accounts

House accounts

13.1 Cash in current accounts includes customers' assets in the amount of PKR NIL/- (2022: PKR NIL/-) held in designated bank accounts.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

14.1 Authorized capital

660,000 (2022: 660,000) ordinary shares of PKR 100 each.

**66,000,000** **66,000,000**

14.2 Issued, subscribed and paid-up share capital

655,200 (2022: 655,200) ordinary shares of PKR 100/- each, issued for cash

66,520,000 65,520,000

**66,520,000** **65,520,000**

14.3 Pattern of shareholding

Mr. Ahmad Shoaib Akram

Mr. Muhammad Akram

Mrs. Zahida Akram

Mr. Ahmad Junaid Akram

Number of Shares		Percentage	
2023	2022	2023	2022
352,800	352,800	54%	54%
151,200	151,200	23%	23%
72,000	72,000	11%	11%
79,200	79,200	12%	12%
<b>655,200</b>	<b>655,200</b>	<b>100%</b>	<b>100%</b>

15 LONG-TERM FINANCING

Loan from Directors - unsecured

15.1 **66,125,000** **66,125,000**

Less: Current portion of long-term financing

**66,125,000** **66,125,000**

15.1 This represents interest-free loans received from Directors of the Company payable at company discretionary power when ability to pay and Long term in nature.

Mr. Muhammed Akram

14,775,000 14,775,000

Mrs. Zahida Akram

31,380,000 31,380,000

Mr. Ahmad Shoaib Akram

8,245,000 8,245,000

Mr. Ahmad Junaid Akram

11,725,000 11,725,000

**66,125,000** **66,125,000**

16 TRADE AND OTHER PAYABLE

Trade creditors

Accrued and other payables

16.1 **5,876** **5,878**

**629,123** **119,123**

**634,999** **125,001**

16.1 This includes PKR NIL (2022: PKR Nil) due to related parties.



**ASA STOCKS (PVT.) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 2023**

**17 PROVISION FOR TAXATION**

Opening balance (as at July 01)  
Add: Current year provision

Less: Adjustment against advance tax  
Closing balance (as at June 30)

Note	2023 Rupees	2022 Rupees
	397,826	278,518
	432,096	397,826
	<u>829,922</u>	<u>676,343</u>
	-	(278,518)
	<u>829,922</u>	<u>397,826</u>

**18 SHORT-TERM BORROWINGS**

From:

Banking companies - secured  
Loan from Director- unsecured

	-	15,429,992
18.1	25,069,175	9,000,000
	<u>25,069,175</u>	<u>24,429,992</u>

18.1 This amount represents loans extended by Directors of the Company to meet short-term working capital needs. As the terms of the borrowing is payable within one year due to this the entire amount has been treated as short-term, in accordance with relevant guidance.

**19 CONTINGENCIES AND COMMITMENTS**

19.1 There is no contingencies and commitments of the Company as at June 30, 2023.

**20 OPERATING REVENUE**

Brokerage income  
Less: Sales tax on services  
Net Brokerage Commission excluding sales tax on services  
Less: Commission Paid  
Net Brokerage Commission  
Dividend income

	110,686	557,173
	(17,710)	(89,148)
	<u>92,976</u>	<u>468,025</u>
	-	-
	<u>92,976</u>	<u>468,025</u>
	2,836,618	2,576,858
	<u>2,929,594</u>	<u>3,044,883</u>

**21 OPERATING & ADMINISTRATIVE EXPENSES**

Directors' Salaries  
Staff Salaries & Other Benefits  
Electricity, Water & Gas  
Travelling/ Conveyance/ Vehicle Running/ Maintenance  
Communication  
Repair & Maintenance  
Stationery, Printing, Photocopies & Office Supplies  
Regulatory charges  
Auditors Remuneration  
Rates, Taxes & Cess  
Legal & Professional Charges  
Provision for / (reversal of provision for) doubtful debts  
Other Expenses  
Depreciation

	90,000	990,000
	778,000	1,291,000
	816,309	1,112,959
	3,570	28,405
	361,684	32,645
	12,750	46,752
	16,926	30,389
	186,425	71,308
21.1.	85,000	75,000
	181,005	525,056
	-	39,595
	-	-
	162,420	195,506
5	444,020	523,537
	<u>3,138,109</u>	<u>4,962,153</u>

**21.1. Auditor's remuneration**

Statutory audit

	85,000	75,000
	<u>85,000</u>	<u>75,000</u>

**22 FINANCIAL CHARGES**

Mark-up on interest-bearing loans  
Bank and other charges

	635,183	1,299,171
	2,218	21,770
	<u>637,401</u>	<u>1,320,941</u>

**23 OTHER INCOME / (LOSSES)**

**Income from financial assets/(liabilities)**

PSX deposits  
Rental Income  
Profit on Eclear balances  
Other income

	-	2,418
	402,000	330,000
	33,240	-
	-	103,339
	<u>435,240</u>	<u>435,757</u>



**ASA STOCKS (PVT.) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 2023**

**24 TAXATION**

Current tax expense / (income)

for the year	432,096	397,826
prior years	-	-
	<u>432,096</u>	<u>397,826</u>

No numeric tax rate reconciliation is presented for the current year in these financial statements as the company was either liable to pay the tax under minimum tax regime or alternate corporate tax under the Income Tax Ordinance, 2001.

**25. EARNINGS/(LOSS) PER SHARE**

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

Profit / (loss) after taxation, attributable to ordinary shareholders	(5,939,828)	(29,266,653)
Weighted average number of ordinary shares in issue during the year	655,200	655,200
Earnings/(loss) per share	(9.07)	(44.67)

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

**26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

	2023		2022	
	Remuneration	# of persons	Remuneration	# of persons
Chief Executive Officer	50,000	1	550,000	1
Directors	40,000	1	440,000	1



27 FINANCIAL INSTRUMENTS BY CATEGORY

Jun-23			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

**ASSETS**

**Non-current assets**

Long term deposits	190,000	-	-	190,000
Long term investment	-	-	-	-

**Current assets**

Short-term investments	-	-	50,524,878	50,524,878
Trade debts - net	-	-	-	-
Deposits, prepayments and other receivables	93,407	-	-	93,407
Cash and bank balances	978,713	-	-	978,713

**LIABILITIES**

**Current liabilities**

Trade and other payables	634,999	-	-	634,999
Short term borrowing	25,069,175	-	-	25,069,175

Jun-22			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

**ASSETS**

**Non-current assets**

Long term deposits	290,000	-	-	290,000
Long term investment	-	16,406,874	-	16,406,874

**Current assets**

Short-term investments	-	-	46,615,117	46,615,117
Trade debts - net	-	-	-	-
Deposits, prepayments and other receivables	-	-	-	-
Cash and bank balances	226,634	-	-	226,634

**LIABILITIES**

**Current liabilities**

Trade and other payables	125,001	-	-	125,001
Short term borrowing	24,429,992	-	-	24,429,992



## 28 FINANCIAL RISK MANAGEMENT

### 28.1 Risk management framework

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

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

### 28.2 Market risk

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

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### 28.2.1 Currency risk

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

#### 28.2.2 Interest rate risk

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

#### 28.2.3 Price risk

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

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



### 28.3 Credit risk

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

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

Measures taken by management to manage and mitigate credit risk include:

	2023	2022
Long-term investments	-	16,406,874
Long-term deposits	190,000	290,000
Deposits, prepayments and other receivables	93,407	-
Short-term investments	50,524,878	46,615,117
	<u>50,808,286</u>	<u>63,311,991</u>

### 28.4 Liquidity Risk

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

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

Financial liabilities	As at 30 June, 2023		
	Carrying amount	Within one year	More than one year
Long term financing	-	-	-
Short term borrowings	25,069,175	25,069,175	-
Trade and other payables	634,999	634,999	-
<b>Total</b>	<u>25,704,174</u>	<u>25,704,174</u>	<u>-</u>

Financial liabilities	As at June 30, 2022		
	Carrying amount	Within one year	More than one year
Long term financing	-	-	-
Short term borrowings	24,429,992	24,429,992	-
Trade and other payables	125,001	125,001	-
<b>Total</b>	<u>24,554,993</u>	<u>24,554,993</u>	<u>-</u>

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



## 29 CAPITAL RISK MANAGEMENT

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

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

## 30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

<b>Recurring FV Measurement - 30 June, 2023</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
Long-term investment - at FVOCI	-	-	-	-
Short-term investments - at FVTPL	50,524,878	-	-	50,524,878
<b>Recurring FV Measurement as at June 30, 2022</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
Long-term investment - available-for-sale	-	16,406,874	-	16,406,874
Short-term investments - at FVTPL	46,615,117	-	-	46,615,117

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

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

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



### 31 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements. (see note 18)

### 32 CAPITAL MANAGEMENT

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.

#### 32.1 CAPITAL ADEQUACY

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

	Notes	Amount (Rupees)
Total Assets	32.2.1	64,388,861
<u>Less: Total Liabilities</u>		<u>(26,534,096)</u>
<u>Less: Revaluation Reserves (created upon revaluation of fixed assets)</u>		<u>-</u>
<b>Capital Adequacy Level</b>		<b><u><u>37,854,765</u></u></b>

32.2.1 While determining the value of the total assets of the TREC Holder, Nominal value of the TREC Certificate held by ASA STOCKS (PVT.) LIMITED as at year ended June 30, 2023 as determined by Pakistan Stock Exchange has been considered.

### 33 EVENTS AFTER REPORTING PERIOD

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

### 34 NUMBER OF EMPLOYEES

The total no of employees and average number of employees at year end and during the year respectively are as follows:

	2023	2022
Total No of employees as at	<u>5</u>	<u>5</u>
Average number of employees during the year	<u>5</u>	<u>5</u>

### 35 RE-CLASSIFICATION AND RE-ARRANGEMENTS

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

### 36 GENERAL

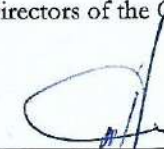
Amounts have been rounded off to the nearest rupee, unless otherwise stated.

### 37 AUTHORIZATION

These financial statements were authorized for issue on October 07, 2023 by the Board of Directors of the Company.

  
\_\_\_\_\_  
Chief Executive



  
\_\_\_\_\_  
Director

