KTRADE SECURITIES LIMITED
BALANCE SHEET
THREE MONTH ENDED 30 SEP, 2023

	Note	THREE MONTH ENDED 30 SEP, 2023 Rupees	YEAR ENDED 30 June, 2023 Rupees
Non-Current Assets			
Property and Equipment	5	**32,891,203**	34,877,148
Intangible Assets	6	**9,644,165**	9,179,165
Security Deposit	7	**3,290,228**	3,290,228
Investments in Un-Listed Securities		**21,249,700**	21,249,700
Long term investment-LSE Financial Services	8	**-**	-
		67,075,296	**68,596,241**
Current Assets			
Advances & other receivables	**9**	**31,946,928**	24,240,264
Receivables from Clients	**10**	**324,688,237**	288,314,652
Exposure Deposit held with NCCPL		**44,070,181**	32,404,177
Advance tax		**20,105,099**	16,340,459
GOVERNMENT TREASURY BILLS		**70,992,191**	47,934,031
Investment in Listed Securities-Mutual Funds	**11**	**69,405,813**	71,071,473
Investment in TFC		**-**	-
Cash and bank balances	**12**	**195,092,322**	150,901,483
		756,300,771	**631,206,539**
TOTAL ASSETS		**823,376,068**	**699,802,780**
Equity and Liabilities			
Authorized Share Capital			
50,000,000(2022:50,000,000) ordinary shares of Rs. 10/- each		**500,000,000**	**500,000,000**
Issued, subscribed & paid up share capital	**13**	**236,103,910**	236,103,910
Advance against issue of shares		**395,072**	395,072
Share Premium		**424,168,307**	424,168,307
Fair Value Reserve on Available for Sale Investment		(7,044,589)	(7,044,589)
Unappropriated profit/(loss)		**(266,127,322)**	(262,957,316)
		387,495,378	390,665,384
Deferrred tax	14	**861,267**	**861,266**
Revaluation surplus on intangible asset		**-**	
Current liabilities			
Other payable	15	**379,879,477**	**308,276,131**
Short term borrowing		**55,139,947**	**-**
Contingencies and Commitments		**-**	**-**
Total Equity and Liabilities		**823,376,068**	**699,802,780**

Chief Executive Officer **Director**

KTRADE SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THREE MONTH ENDED 30 SEP, 2023

	THREE MONTH ENDED 30 SEP, 2023 Rupees	THREE MONTH ENDED 30 SEP, 2022 Rupees
Operating Revenue	31,382,512	15,007,225
Advisory Services	1,800,000	2,019,603
Services Rendered Outside Pakistan	-	-
Capital Gain on Sale of Listed Investments	19,806,122	690,000
Unrealised gain on remeasurement of investments	-	-
	52,988,634	**17,716,828**
Expenditures		
Administrative and Operating Expenses	77,016,024	55,524,231
Finance Cost	97,269	101,997
	77,113,293	55,626,228
Other income	20,954,653	11,507,599
		-
Profit / (loss) before taxation	**(3,170,006)**	(26,401,801)
TAXATION	-	-
Profit / (loss) for the year	**(3,170,006)**	(26,401,801)

Earning Per Share-Basic and Diluted

Chief Executive Officer **Director**

KTRADE SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 STATUS AND NATURE OF BUSINESS

Khadim Ali Shah Bukhari Securities (Private) Limited (the Company) was incorporated in Pakistan on April 25, 2013 under the repealed repealed Companies Ordinance, 1984 (now the Companies Act, 2018).The registered office of the Company is situated at room 101 and 105, 1st Floor, New PSX Building, I.I. Chundrigar Road, Karachi.The main office of the Company is located at 16-C, Bukhari Tower, Main Khyaban-e-Bukhari, DHA, Phase VI, Karachi.

The Company's is principally engaged in the business of dealing of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research, advisory services and dealing in leverage products of the National Clearing Company of Pakistan Limited (NCCPL).

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S 'FINANCIAL POSITION AND FINANCIAL

During the current year, economic and political scenarios' deterioration had immense adverse effects on the performance of the equity bourse, which has resulted in significant decline in the equity brokerage. This is reflected in statement of Profit & Loss account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Basis of preparation

3.1.1 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 (IFRS) 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;

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

3.1.2 Critical accounting estimates and judgments

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. The matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

(i) Income taxes - notes 13 and 19
(ii) Impairment of financial assets

Estimates and judgments are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical judgments made by the company's management in applying the accounting policies that would have significant effect on the amounts recognized in the financial statements except as stated below.

3.1.3 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in lAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: lAS 18 Revenue, lAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of changes laid down by these standards are detailed in note 4.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant for the Company's unconsolidated financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 01, 2019 that may have an impact on the unconsolidated financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by the standard on its unconsolidated financial statements.

3.2 Overall valuation policy

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

3.3 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Normal repairs and maintenance are charged to profit and loss account, as and when incurred.

Subsequent cost are included in the assets' 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.

Gains or losses on disposal of property and equipment, if any, are taken to profit and loss account

Depreciation is charged to profit and loss account by applying the straight line method reflecting the pattern in which the economic benefits of the assets are consumed by the Company at the rates specified in note 15. Depreciation on additions is charged for the full month in which an asset is available for use and on deletions up to the month immediately preceding the month of deletion.

The Company reviews the useful lives and values of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment (if any). It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their

3.4 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables
- other short term receivables; and
- receivables from PMEX and NCCPL

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 180 days past due.

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

Financial assets - policy upto June 30, 2018

Trade debts and other receivables were recognized initially at fair value plus directly attributable, if any and subsequently, at amortized cost less impairment, if any. A provision for impairment of trade and other receivable was established when there is an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables. Trade receivable considered irrecoverable were written off.

3.5 Off-setting of financial assets and 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 realize the asset and settle the liability simultaneously.

3.6 Intangible assets

This represents Trading Rights Entitlement (TRE) Certificate. TRE Certificate has an indefinite useful life and is stated at the carrying value less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of their recoverable amounts, and where the carrying value exceeds the estimated recoverable amount, it written down to their estimated recoverable amount.

3.7 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, current accounts held with various banks and deposits placed in profit and loss sharing accounts.

3.9 Revenue recognition

Brokerage income, advisory fees and commission are recognized as and when such services are provided.

Capital gains and losses on sale of investments are included in the profit and loss account in the period in which they arise.

Dividend income is recognized when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

Unrealized gains / (losses) arising on mark to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which they arise.

Mark-up income on profit and loss sharing basis bank accounts is recognized on a time proportion basis that takes into account the effective yield.

3.10 Foreign currency transactions

Transactions denominated in foreign currencies are translated to Pak Rupees at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Pak Rupees at exchange rates ruling on that date. Exchange differences are included in the profit and loss account currently.

3.11 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.12 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.13 Trade creditors and other liabilities

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.14 Dividend and appropriations

Dividend and appropriations to / from reserves are recognized in the period in which these are approved.

3.15 Income tax

Current

The charge for current taxation is based on the taxable income at the rate of taxation after taking into account tax credits, rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary difference arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognized for all taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is charged to or credited in the unconsolidated statement of

3.16 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, 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, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

Classification and valuation of investments (refer note 3.4)

Estimated useful lives of property and equipment (refer notes 3.3 and 5)

Estimated useful lives of intangible assets (refer note 3.6 and 6)

Income taxes (refer notes 3.15, 13 and 19)

4 CHANGE IN ACCOUNTING POLICIES

i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The new accounting policies are set out in note 3.4 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have

Classifications and remeasurement

On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from these reclassifications and adjustments are as follows:

Financial assets - July 1, 2018	Note	FVTPL	FVOCI (available for sale 2018)	Long term investment	Loans and receivables	Amortized cost
		Rupees				
Loans, advances, deposits and other receivables		-	-	-	(2,109,686)	2,109,686
Receivables from customers	a and b	-	-	-	-	-
Investments		10,344,980	(10,344,980)	-	-	-
Cash and bank balances		-	-	-	27,455,228	(27,455,228)
		10,344,980	(10,344,980)	-	25,345,542	(25,345,542)

(a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in no additional allowance for trade receivables.

(b) the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. However, during the year ended June 30, 2018 there was no provision for doubtful debts that could be reclassified to 'impairment loss on trade receivables' in the profit and loss account.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at July 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
			------------Rupees----------	
Financial assets				
Cash and bank balances	Loans and receivables	Amortized cost	27,455,228	27,455,228
Loans, advances, deposits and other receivables	Loans and receivables	Amortized cost	2,109,686	2,109,686
Investments	FVOCI/ FVTPL	FVTPL	12,978,511	12,978,511
Financial liabilities				
Trade and other liabilities	Other financial liabilities	Other financial liabilities	16,748,471	16,748,471

There is no impact on the Company's statement of changes in equity as a result of the above changes.

(ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018.