

**FIRST STREET CAPITAL (PVT.) LIMITED**

**Unaudited Financial Statements**

**For The Period Ended 31 December 2023**

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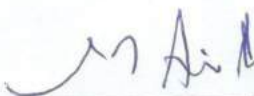
**FIRST STREET CAPITAL (PVT.) LIMITED**

**Statement of Financial Position**

*As at 31 December 2023*

		Dec-23 (Unaudited) Rupees	Jun-23 (Audited) Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	885,613	970,856
Intangible assets	6	2,500,000	2,500,000
Long term investments	7	35,225,929	35,225,929
Long term deposits	8	500,000	300,000
		<b>39,111,542</b>	<b>38,996,785</b>
<b>Current assets</b>			
Trade & other receivables	9	262,172	239,653
Prepayments and advances	10	18,694,044	16,401,446
Income tax refundable	11	2,954,178	2,337,181
Short term investment	12	31,154,098	24,679,967
Cash and bank balances	13	4,559,459	6,103,990
		<b>57,623,952</b>	<b>49,762,236</b>
		<b>96,735,494</b>	<b>88,759,021</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	14	93,000,000	93,000,000
Unappropriated profit / (loss)		(24,415,766)	(33,766,646)
Unrealized surplus/(deficit) on re-measurement of investments measured at FVOCI		24,448,283	24,448,283
<b>Total equity</b>		<b>93,032,518</b>	<b>83,681,638</b>
<b>Current liabilities</b>			
Trade and other payables	15	3,002,982	4,377,389
Provision for taxation	16	699,994	699,994
		<b>3,702,976</b>	<b>5,077,383</b>
<b>Contingencies and commitments</b>	17	-	-
		<b>96,735,494</b>	<b>88,759,021</b>

*The annexed notes from 1 to 24 form an integral part of these financial statements.*

  
Chief Executive Officer



  
Director

**FIRST STREET CAPITAL (PVT.) LIMITED****Statement of Profit or Loss***For the Period Ended 31 December 2023*

	<i>Note</i>	<b>Dec-23 (Unaudited) Rupees</b>	<b>Jun-23 (Audited) Rupees</b>
Operating revenue	18	3,544,859	2,544,156
Gain/(loss) on sale of short term investments		1,520,823	-
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		4,655,706	(11,549,677)
		<b>9,721,388</b>	<b>(9,005,521)</b>
Operating and administrative expenses	20	(3,391,411)	(3,520,301)
<b>Operating profit / (loss)</b>		<b>6,329,976</b>	<b>(12,525,822)</b>
Financial charges	21	(731)	(2,888)
Other income and (losses)	19	3,021,634	3,392,808
<b>Profit / (loss) before taxation</b>		<b>9,350,880</b>	<b>(9,135,903)</b>
Taxation	22	-	(699,994)
<b>Profit/(loss) for the year</b>		<b>9,350,880</b>	<b>(9,835,897)</b>
Earnings/(loss) per share - basic	23	1.01	(1.06)

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Chief Executive Officer

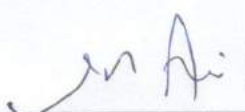


  
Director

**FIRST STREET CAPITAL (PVT.) LIMITED**  
**Statement of Comprehensive Income**  
*For the Period Ended 31 December 2023*

<i>Note</i>	Dec-23 (Unaudited) Rupees	Jun-23 (Audited) Rupees
Profit/(loss) for the year	9,350,880	(9,835,897)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Unrealized gain / (loss) during the period in the market value of investments measured at FVOCI	-	4,691,750
<b>Total comprehensive income/(loss) for the year</b>	<b>9,350,880</b>	<b>(5,144,147)</b>

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 Chief Executive Officer



  
 Director

**FIRST STREET CAPITAL (PVT.) LIMITED**

**Statement of Cash Flows**

For the Period Ended 31 December 2023

	Note	Dec-23 (Unaudited) Rupees	Jun-23 (Audited) Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		9,350,880	(9,135,903)
<b>Adjustments:</b>			
Depreciation and impairment	5	85,243	215,510
Provision for doubtful debts	9	7,820	16,188
Realized loss / (gain) on sale of short-term investments	12	(1,520,823)	-
Unrealized loss / (gain) on short-term investments	12	(4,655,706)	(11,549,677)
Interest income	19	(968,256)	(2,934,493)
		<u>(7,051,722)</u>	<u>(14,252,472)</u>
Operating profit before working capital changes		2,299,157	(23,388,374)
<b>(Increase)/decrease in current assets</b>			
Trade & other receivables		(30,339)	15,337
Prepayments and advances		(2,292,598)	(124,973)
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		(1,374,407)	2,812,086
		<u>(3,697,345)</u>	<u>2,702,451</u>
Cash generated from / (used in) operations		(1,398,188)	(20,685,923)
Taxes paid	11	(616,998)	(800,472)
Proceeds from sale of / (acquisition of) short-term investments		(297,602)	71,813
		<u>(914,599)</u>	<u>(728,659)</u>
Net cash from operating activities		<u>(2,312,787)</u>	<u>(21,414,582)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		968,256	2,934,493
Decrease / (Increase) in long term deposits		(200,000)	-
Proceeds / (Acquisition) of property and equipment		-	-
Net cash generated from / (used in) investing activities		<u>768,256</u>	<u>2,934,493</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from / (repayment of) long-term borrowings		-	-
Net cash generated from / (used in) financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(1,544,531)	(18,480,089)
Cash and cash equivalents at the beginning of the year		6,103,990	24,584,079
Cash and cash equivalents at the end of the year	13	<u>4,559,459</u>	<u>6,103,990</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
Chief Executive Officer

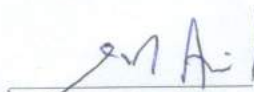


  
Director


FIRST STREET CAPITAL (PVT.) LIMITED  
Statement of Changes in Equity  
For the Period Ended 31 December 2023

	Issued, subscribed and paid-up capital	Unappropriated profit/ (loss)	Unrealized surplus / (deficit) on re- measurement of investments measured at FVOCI	Total
Balance as at June 30, 2022	93,000,000	(23,930,748)	19,756,533	88,825,785
Total comprehensive income for the year				
Profit/(loss) for the year	-	(9,835,897)	-	(9,835,897)
Other comprehensive income/(loss)	-	-	4,691,750	4,691,750
	-	(9,835,897)	4,691,750	(5,144,147)
Balance as at June 30, 2023 - Audited	<u>93,000,000</u>	<u>(33,766,646)</u>	<u>24,448,283</u>	<u>83,681,638</u>
Total comprehensive income for the year				
Profit/(loss) for the year	-	9,350,880	-	9,350,880
Other comprehensive income/(loss)	-	-	-	-
	-	9,350,880	-	9,350,880
Balance as at December 31, 2023 - Unaudited	<u>93,000,000</u>	<u>(24,415,766)</u>	<u>24,448,283</u>	<u>93,032,518</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
Chief Executive Officer



  
Director

**FIRST STREET CAPITAL (PVT.) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended December 31, 2023

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

**FIRST STREET CAPITAL (PVT.) LIMITED** (the "Company") was incorporated in Pakistan on **March 31, 2006** 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:** Ground Floor 63-A, Agora Eden City opposite Lahore Airport, DHA, Phase-8, Lahore.

**Corporate Office:** Ground Floor 63-A, Agora Eden City opposite Lahore Airport, DHA, Phase-8, Lahore.

**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 trade 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;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

### 3.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

### 3.4 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience as well as expectations of future events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are as follows:

- (i) Estimates of useful lives and residual values of items of property, plant and equipment (Note 5);
- (ii) Estimates of useful lives of intangible assets (Note 6);
- (iii) Allowance for credit losses (Note 4.5.4);
- (iv) Fair values of unquoted equity investments (Note 7);
- (v) Classification, recognition, measurement / valuation of financial instruments (Note 4.5); and
- (vi) Provision for taxation (Note 16);

### 3.5 New accounting pronouncements

3.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:

#### (a) IAS 37 - Onerous contracts

**Effective date**  
**January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other

direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

**Effective date**  
**January 01, 2022**

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

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:

**Effective date**  
**January 01, 2023**

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

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.

**Effective date**  
**January 01, 2023**

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

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.

**Effective date**  
**January 01, 2023**

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

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.

**(d) IAS 1 - Classification of liabilities as current or non-current** **Effective date**  
**January 01, 2024**

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.

**(e) IFRS 16 - Sale and leaseback transaction** **Effective date**  
**January 01, 2024**

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

#### **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 December 31, 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 trade date accounting i.e. on the date on which trading of the purchase transaction takes place. 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 outcomes 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 realize the asset and settle the liability simultaneously.

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

Trade debts and other receivables are stated initially at amortized 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 recognized for all taxable temporary differences and deferred tax assets are recognized 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 realized.

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 Markup / 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. Transactions with related parties have been disclosed in the relevant notes to the financial.

#### **4.23 Trade Date Accounting**

All "Regular Way" Purchases and Sales of financial assets are recognized on trade date on which the company commits to purchase and sale of financial assets. Regular way purchases or sales of financial assets.

**FIRST STREET CAPITAL (PVT.) LIMITED**

Notes to the Financials Statements

For the Period Ended 31 December 2023

**5 PROPERTY AND EQUIPMENT**

	Dec-23			
	Furniture & Fixtures	Computer & Office Equipment	Vehicle	Total
<b>As at July 1, 2023</b>				
Cost	590,657	651,375	2,132,003	3,374,035
Accumulated Depreciation	(210,361)	(507,929)	(1,684,890)	(2,403,179)
Net book value	380,296	143,446	447,113	970,856
<b>Movement during the period</b>				
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the period	19,015	21,517	44,711	85,243
<b>As at December 31, 2023</b>				
Cost	590,657	651,375	2,132,003	3,374,035
Accumulated Depreciation	(229,376)	(529,446)	(1,729,601)	(2,488,422)
Net book value	361,281	121,929	402,402	885,613
Depreciation rate per annum	10%	30%	20%	

	Jun-23			
	Furniture & Fixtures	Computer & Office Equipment	Vehicle	Total
<b>As at July 1, 2022</b>				
Cost	590,657	651,375	2,132,003	3,374,035
Accumulated Depreciation	(168,106)	(446,452)	(1,573,111)	(2,187,669)
Net book value	422,551	204,923	558,892	1,186,366
<b>Movement during the period</b>				
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the period	42,255	61,477	111,778	215,510
<b>As at June 30, 2023</b>				
Cost	590,657	651,375	2,132,003	3,374,035
Accumulated Depreciation	(210,361)	(507,929)	(1,684,890)	(2,403,179)
Net book value	380,296	143,446	447,113	970,856
Depreciation rate per annum	10%	30%	20%	

	Note	Dec-2023 (Unaudited) Rupees	Jun-2023 (Audited) Rupees
<b>6 INTANGIBLE ASSETS</b>			
Trading Rights Entitlement Certificate ("TREC")	6.1	2,500,000	2,500,000
<b>Impairment</b>		2,500,000	2,500,000
		-	-
		<u>2,500,000</u>	<u>2,500,000</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.

#### 7 LONG-TERM INVESTMENTS

##### Investments at fair value through OCI

ISE Towers REIT Mgmt Ltd (unquoted) - opening		35,225,929	30,534,179
Sale of Shares		-	-
		<u>35,225,929</u>	<u>30,534,179</u>
Adjustment for remeasurement to fair value		-	4,691,750
		<u>35,225,929</u>	<u>35,225,929</u>

7.1 As a result of the demutualization and corporatization of stock exchanges, the Company received 1,820,762 shares of ISE Towers REIT Management Limited. These shares are neither listed on any exchange nor they are actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares which is Rs.19.35 per share notified by ISE Towers REIT Management Limited. Remeasurement to fair value resulted in a gain of PKR: 4,691,750 in the current year (2022: NIL).

1,820,762 shares of ISE Towers REIT Management Limited are pledged with the PSX to meet BMC requirements.

#### 8 LONG-TERM DEPOSITS

Central Depository Company Limited		100,000	100,000
Other security deposits		400,000	200,000
		<u>500,000</u>	<u>300,000</u>

#### 9 TRADE DEBTS

Considered good	9.1	262,172	239,653
Considered doubtful		355,845	348,025
		<u>618,017</u>	<u>587,678</u>
Less: Provision for doubtful debts	9.2	(355,845)	(348,025)
		<u>262,172</u>	<u>239,653</u>

9.1 The unsecured trade debts is amounting to Rs: 355,845  
Allowances for expected credit loss is calculated on the basis of ageing analysis more than 360 days and Unsecured balances which ever is higher.

9.2 Movement in provision against trade debts is as under:

Opening balance (as at July 1)		348,025	331,837
Add: Allowance for expected credit loss		7,820	16,188
		<u>355,845</u>	<u>348,025</u>
Less: Amounts written off during the year		-	-
Closing balance (as at June 30)		<u>355,845</u>	<u>348,025</u>

**10 PREPAYMENTS & ADVANCES**

Balance due from NCCPL against MTS  
PSX Exposure  
Other Receivables

Note	Dec-2023 (Unaudited) Rupees	Jun-2023 (Audited) Rupees
10.1	13,109,282	14,970,312
10.2	5,200,000	1,200,000
	384,762	231,134
	<u>18,694,044</u>	<u>16,401,446</u>

10.1 This receivable balance is with National Clearing company of Pakistan Limited against trade.

10.2 This represents deposits with National Clearing Company of Pakistan Limited against the exposure margin in ready and future market

**11 INCOME TAX REFUNDABLE**

Opening balance (as at July 1)  
Add: Current year additions

Less: Adjustment against provision for taxation  
Balance at the end of the year

	2,337,181	1,769,670
	616,998	800,472
	<u>2,954,178</u>	<u>2,570,142</u>
		(232,961)
	<u>2,954,178</u>	<u>2,337,181</u>

**12 SHORT TERM INVESTMENTS**

Investments at fair value through profit or loss

Investments in listed securities

Realized Gain/(loss)

Unrealized Gain/(loss)

Investments in listed securities

	24,977,569	36,229,644
	1,520,823	
	4,655,706	(11,549,677)
	<u>31,154,098</u>	<u>24,679,967</u>

**13 CASH AND BANK BALANCES**

Cash in hand

2,436,106

Cash at bank

Current Accounts

Saving Accounts

13.1

930

930

2,122,423

6,103,060

2,123,353

6,103,990

4,559,459

6,103,990

13.1 Saving account carries markup which ranges from 10% to 19.75% (June-23: 6.5% to 12.25%) per annum.

13.2 Balance pertaining to:

Brokerage house

Clients

368,284

4,269,960

1,755,069

1,834,030

2,123,353

6,103,990

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**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

**14.1 Authorized capital**

10,000,000 (2023: 10,000,000) ordinary shares of PKR 10 each.

100,000,000

100,000,000

**14.2 Issued, subscribed and paid-up share capital**

2,600,000 (2023: 2,600,000) ordinary shares of PKR 10/- each, issued for cash

26,000,000

26,000,000

6,700,000 (2023: 6,700,000) ordinary shares of PKR 10/- each, issued for consideration other than cash & 4,300,000 Bonus shares of PKR 10/- each to existing

67,000,000

67,000,000

93,000,000

93,000,000

**14.3 Pattern of Shareholding**

Mr. Nasir Mahmood Khan  
Muhammad Idrees  
Faisal Ali Asghar

Number of Shares	
Dec-23	Jun-23
9,292,560	9,292,560
3,720	3,720
3,720	3,720
<u>9,300,000</u>	<u>9,300,000</u>

Percentage	
Dec-23	Jun-23
99.92%	99.92%
0.04%	0.04%
0.04%	0.04%
<u>100%</u>	<u>100%</u>

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	Note	Dec-2023 (Unaudited) Rupees	Jun-2023 (Audited) Rupees
<b>TRADE AND OTHER PAYABLES</b>			
Trade creditors		341,372	485,875
Accrued expenses		2,661,610	3,891,514
16		<u>3,002,982</u>	<u>4,377,389</u>
<b>PROVISION FOR TAXATION</b>			
Opening balance(as at July 01)		699,994	232,961
Add/(less): Current Year Provision		-	699,994
		<u>699,994</u>	<u>932,955</u>
Less: Adjustment against previous year advance tax			
17 Closing balance (as at Dec 31)			<u>(232,961)</u>
		<u>699,994</u>	<u>699,994</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
18 17.1	There are no contingencies or commitments of the Company as at Dec 31, 2023(2023: Nil).		
<b>OPERATING REVENUE</b>			
Brokerage income		891,402	1,557,004
Less: Sales tax on services		(142,624)	(249,121)
Net Brokerage Commission excluding sales tax on services		748,778	1,307,883
Dividend income		2,796,081	1,236,273
19		<u>3,544,859</u>	<u>2,544,156</u>
<b>OTHER INCOME / (LOSSES)</b>			
<b>Income from financial assets</b>			
<b>Mark-up on:</b>			
Bank balances		968,256	2,934,493
MIS exposure		2,052,885	423,915
Profit on PSX exposure		493	34,399
		<u>3,021,634</u>	<u>3,392,808</u>
<b>Income from non-financial assets/liabilities</b>			
Sundry / miscellaneous income		-	-
20		<u>3,021,634</u>	<u>3,392,808</u>
<b>OPERATING &amp; ADMINISTRATIVE EXPENSES</b>			
Staff Salaries & Other Benefits		870,000	798,594
Travelling/ Conveyance/ Vehicles Running / Maintenance		805,000	604,300
Other Expenses		932,519	450,826
Regulatory Charges		243,243	320,253
Auditor's remuneration	20.1	157,500	152,400
Communication		69,636	136,246
Stationery/ Printing/ Photocopies/ Office Supplies		90,000	25,000
Rates/ Taxes/ Cess		-	770,534
Repair / Maintenance		125,000	25,000
Provision For Doubtful Debts	9.2	7,820	16,188
Insurance		5,450	5,450
Depreciation	5	85,243	215,510
		<u>3,391,411</u>	<u>3,520,301</u>
20.1 Auditor's remuneration			
Statutory audit		157,500	152,400
21 Certifications and other charges		-	-
		<u>157,500</u>	<u>152,400</u>
<b>FINANCIAL CHARGES</b>			
Bank and other charges		731	2,888
22		<u>731</u>	<u>2,888</u>
<b>TAXATION</b>			
Current tax expense / (income)			
for the year		-	699,994
prior years		-	-
		<u>-</u>	<u>699,994</u>
23	The tax provision made in the financial statements is considered sufficient.		

Note	Dec-2023 (Unaudited) Rupees	Jun-2023 (Audited) Rupees
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**EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing profit 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	9,350,880	(9,835,897)
Weighted average number of ordinary shares in issue during the year	9,300,000	9,300,000
Earnings per share	1.01	(1.06)

24 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.

**GENERAL**

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

  
Chief Executive Officer



  
Director