

FIRST STREET CAPITAL (PVT.) LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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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, 2024.

Economic Review:

The year that passed, saw major improvements in Pakistan's overall macroeconomic environment as it concluded. Earlier part of the year saw historic high interest rates with high inflation outturns. External account remained under pressure despite the June 2024 USD3 billion 9-month IMF Stand By Arrangement and continued support from friendly countries including Saudi Arabia, UAE, and China. Exchange parity also witnessed pressure where PKR crossed PKR307/USD in the interbank market during the earlier part of the year under review amid smuggling of USD in the neighboring country.

As the year progressed, Pakistan's Balance of Payments stabilized with a series of Current Account Surpluses that were primarily led by a healthy growth in remittances and drop in imports as the economic slowdown persisted. Significant improvement in exchange parity, a healthy agriculture output, and base effect helped in bringing down inflation despite significant increase in the prices of electricity and gas. Average inflation for the year under review came down to 23.4% compared to 29.2% of the previous year with June 2024 reading coming down to 12.6%.

Overall economic activity showed signs of recovery where real GDP posted a growth of 2.4% compared to a decline of 0.2% in the previous year where the growth is primarily led by a 6.3% growth in agriculture sector. With easing in inflationary pressures with constrained growth, the Monetary Policy Committee of the central bank embarked on a monetary easing cycle with a 150 basis points reduction in policy rate to 20.5% in June 2024 and further 300 basis points cut in the subsequent period taking it to 17.5%.

Political uncertainties ahead of the 2024 general elections also got settled as new elected coalition government was formed and took charge with a focus of presenting an IMF positive budget and negotiating a new longer and larger program with the lender of the last resort, which it subsequently did as subsequent to the period under review, IMF's Executive Board has approved a USD7bn Extended Fund Facility for Pakistan prior to which Pakistan's credit rating was upgraded by international agencies after the Staff Level Agreement on the new loan. Now the government appears committed to put the house in order and implement the much-needed structural reforms for achieving a sustainable all-inclusive long-term growth. Inflation outturns decelerated to single-digit creating room for further monetary easing in the months to come. Fiscal account is likely to see some easing with high profits from SBP and reduced expenditure on debt servicing due to decline in interest rates. Meeting the revenue collection target set by the IMF however is troubling FBR and a mini-budget is

expected soon. With external support of the IMF and other bilateral and multilateral partners, particularly expected investment from the Saudi Arabia, Pakistan's foreign exchange reserves are likely to improve further going forward amid a stable external account. Tight fiscal policy with a focus on increasing tax-to-GDP ratio along with increased geo-political uncertainties and increase in international commodities' prices, are key risks on overall outlook of Pakistan's economy.

Stock Market Review:

On a broader level ignoring volatility, Pakistan equities and the KSE100 Index rallied breaching the 80,000 mark from the beginning of the year under review with positive sentiments. However, pressure on exchange rate during the earlier part of the year, and prolonged political uncertainties kept investors cautious leading to extreme volatility during the year under review. Overall positive sentiments were fueled by attractive valuations with high dividend yields and expectations of monetary easing amid disinflation. The KSE100 Index closed the period under review at 78,445 level, gaining 89.2%, and 36,992 points. In USD terms, Pakistan equities posted a healthy return of 94.4%.

With improved investor confidence, market turnover increased significantly as average daily volumes climbed up to 460.2 million shares and average daily value traded to PKR15.6 billion from 191 million shares and PKR6.1 billion, respectively of the previous year. Foreign investors bought equities worth USD124.2 million during the period under review where most of the local participants opted to book profits except insurance companies, and companies who were net buyers during the year under review.

Going forward investor confidence is expected to significantly improve further with the new IMF program in place, and further cut in interest rates. The domestic bourse still trades at low multiples, and offers healthy dividend yields that are still competitive with fixed income returns.

Financial Performance:

	2024	2023
Operating Revenue	3,947,091	2,544,156
Gain/ (Loss) on sale of Investment	(7,825,807)	-
Other Income	8,328,746	3,392,808
Profit before Tax	(6,181,306)	(9,135,903)
Profit after Tax	(6,454,141)	(9,835,897)
EPS (Rs.)	(0.69)	(1.06)

The operating revenue has increased 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, levis 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 First Street Capital (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 First Street Capital (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 the respective notes to the 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 15.4

Auditors:

The Board recommends appointment of M/S MUSHTAQ & CO. Chartered Accountants as the statutory auditors of the Company for the year ended June 2025 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.

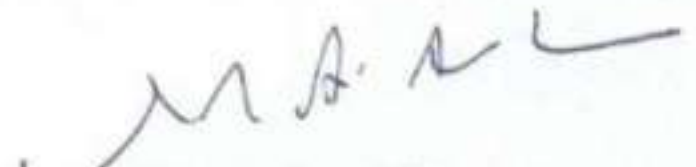
Appreciation and Acknowledgements:

The Board of Directors of First Street Capital (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

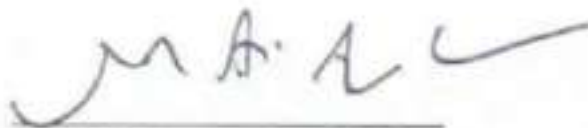


Chief Executive Officer

Statement of Compliance
For the Year Ended June 30, 2024.

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, 2024

STATEMENT OF CEO

For the Year Ended June 30, 2024.

I CEO of First Street Capital (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, 2024

FIRST STREET CAPITAL (PVT.) LIMITED

Financial Statements

For the Period Ended 30 June 2024

Independent auditor's report to the members of First Street Capital (Pvt.) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **First Street Capital (Pvt.) Limited**, which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and notes to the financial statements, including material accounting policy accounting policy information 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, statement of profit or loss and other comprehensive income, the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss and other comprehensive 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 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 there on.

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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

We communicate with 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 and other 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; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) The Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the Financial Statements were prepared.

Other Matter Paragraph

The financial statements of the company for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements as on October 07, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Arshad, ACA**.


MUSHTAQ & CO
Chartered accountants



Lahore.
Date: 07-OCT-2024
UDIN: AR2024107242ec0Gj31I

FIRST STREET CAPITAL (PVT.) LIMITED

Statement of Financial Position


As at June 30, 2024

ASSETS	Note	2024 Rupees	2023 Rupees
Non-current assets			
Property and equipment	6	800,369	970,856
Intangible assets	7	2,500,000	2,500,000
Long term investments	8	-	35,225,929
Long term deposits	9	300,000	300,000
		3,600,369	38,996,785
Current assets			
Trade debts	10	262,173	239,653
Deposits, prepayments and other receivables	11	11,709,498	16,401,446
Income tax refundable	12	2,051,071	2,337,181
Short term investments	13	29,235,885	24,679,967
Cash and bank balances	14	34,543,444	6,103,990
		77,802,071	49,762,236
		81,402,440	88,759,021
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	15	93,000,000	93,000,000
Unappropriated profit / (loss)		(14,091,586)	(33,766,646)
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		-	24,448,283
Total equity		78,908,414	83,681,638
Current liabilities			
Trade and other payables	16	2,058,299	4,377,389
Provision for taxation	17	435,727	699,994
		2,494,026	5,077,383
Contingencies and commitments	18	81,402,440	88,759,021

The annexed notes from 1 to 39 form an integral part of these financial statements.


Chief Executive Officer




Director

FIRST STREET CAPITAL (PVT.) LIMITED**Statement of Profit or Loss***For the year ended June 30, 2024*

	<i>Note</i>	2024 Rupees	2023 Rupees
Operating revenue	19	3,947,091	2,544,156
Gain / (loss) on sale of investments		(7,825,807)	-
Unrealized gain / (loss) on remeasurement of investments classified at FVTPL		2,984,864	(11,549,677)
		<u>(893,852)</u>	<u>(9,005,521)</u>
Operating and administrative expenses	20	(13,598,357)	(3,520,301)
Operating profit / (loss)		(14,492,209)	(12,525,822)
Financial charges	21	(3,631)	(2,888)
Other income and (loss)	22	8,328,746	3,392,808
Profit / (loss) before levies and taxation		(6,167,094)	(9,135,903)
<i>Levies</i>	23	<i>(14,212)</i>	-
Profit / (loss) before taxation		(6,181,306)	(9,135,903)
Taxation	24	(272,835)	(699,994)
Profit / (loss) for the year		(6,454,141)	(9,835,897)
Earnings/(loss) per share - basic	25	(0.69)	(1.06)

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive Officer





Director

FIRST STREET CAPITAL (PVT.) LIMITED

Statement of Comprehensive Income

For the year ended June 30, 2024

	<i>Note</i>	2024 Rupees	2023 Rupees
Profit / (loss) for the year		(6,454,141)	(9,835,897)
Other comprehensive income: Items that will not be reclassified subsequently to profit/(loss)			
Unrealized gain / (loss) during the period in the market value of investments measured at FVOCI		1,680,917	4,691,750
Total comprehensive income / (loss) for the year		<u><u>(4,773,224)</u></u>	<u><u>(5,144,147)</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive Officer





Director

FIRST STREET CAPITAL (PVT.) LIMITED

Statement of Changes in Equity

For the year ended June 30, 2024

	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, 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	<u>93,000,000</u>	<u>(33,766,645)</u>	<u>24,448,283</u>	<u>83,681,638</u>
Total comprehensive income for the year				
Profit / (loss) for the year	-	(6,454,141)	-	(6,454,141)
Other comprehensive income/(loss)	-	-	1,680,917	1,680,917
Transfer of reserve on disposal of investment	-	26,129,200	(26,129,200)	-
	-	19,675,059	(24,448,283)	(4,773,224)
Balance as at June 30, 2024	<u>93,000,000</u>	<u>(14,091,586)</u>	<u>-</u>	<u>78,908,414</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


 Chief Executive Officer




 Director


FIRST STREET CAPITAL (PVT.) LIMITED

Statement of Cash Flows

For the year ended June 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before levies and taxation		(6,167,094)	(9,135,903)
Adjustments:			
Depreciation and impairment	6	170,487	215,510
Provision for doubtful debts	10	167,759	16,188
Realized loss / (gain) on sale of short-term investments		(7,825,807)	-
Unrealized loss / (gain) on short-term investments		2,984,864	(11,549,677)
Interest income		(2,734,839)	(2,934,493)
		<u>(7,237,536)</u>	<u>(14,252,472)</u>
Operating profit / (loss) before working capital changes		(13,404,630)	(23,388,374)
(Increase)/decrease in current assets			
Trade debts		(190,279)	15,337
Deposits, prepayments and other receivables		4,691,948	(124,973)
Increase/(decrease) in current liabilities			
Trade and other payables		(1,681,109)	2,812,086
		<u>2,820,560</u>	<u>2,702,451</u>
Cash generated from / (used in) operations		(10,584,070)	(20,685,923)
Taxes paid		(903,186)	(800,472)
Proceeds from sale of / (acquisition of) short-term investments		285,025	71,813
		<u>(618,161)</u>	<u>(728,659)</u>
Net cash generated from / (used in) operating activities		(11,202,231)	(21,414,582)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,734,839	2,934,493
Acquisition of property and equipment/ Proceeds from sale of assets		36,906,846	-
Decrease / (increase) in long-term deposits		-	-
		<u>39,641,685</u>	<u>2,934,493</u>
Net cash generated from / (used in) investing activities		39,641,685	2,934,493
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) loans		-	-
Net cash generated from / (used in) financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		28,439,454	(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	34,543,444	6,103,990

The annexed notes from 1 to 39 form an integral part of these financial statements.


 Chief Executive Officer




 Director

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS" or "IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017, provisions of or 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:

- 1- Estimates of useful lives and residual values of items of property, plant and equipment;
- 2- Estimates of useful lives of intangible assets;
- 3- Allowance for credit losses;
- 4- Fair values of unquoted equity investments;
- 5- Classification, recognition, measurement / valuation of financial instruments; and
- 6- Provision for taxation;

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

3.5 New accounting pronouncements

3.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2024

Standards, interpretations and amendments to accounting and reporting standards not yet effective

Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

	Effective date (annual reporting periods beginning on or after)
LAS 1 Presentation of financial statements (Amendments)	1-Jan-24
LAS 7 Statement of Cash flows (Amendments)	1-Jan-24
IFRS 16 Leases (Amendments)	1-Jan-24
LAS 21 The Effects of changes in Foreign Exchange Rates (Amendments)	1-Jan-25
IFRS 7 Financial Instruments: Disclosures (Amendments)	1-Jan-26
IFRS 17 Insurance Contracts	1-Jan-26
IFRS 9 Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	1-Jan-26

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

4 Material Accounting Policy Information

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 relevant note 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.

FIRST STREET CAPITAL (PVT.) LIMITED
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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, 2024 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.

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

(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. 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.

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

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 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.

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

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.

Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/IAS 37.

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.

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

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.

Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/IAS 37.

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.

FIRST STREET CAPITAL (PVT.) LIMITED
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For the year ended June 30, 2024

4.15 Dividend income

Dividends are 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. 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.

5 Impact of Change in Accounting Policy

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 IAS 12, Income Taxes (Revised 2012) and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of profit or loss as a result of this change.

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

6 Property and equipment

	2024			
	Furniture & Fixture	Computers & Office Equipments	Vehicle	Total Rupees
As at July 1, 2023				
Cost	590,657	651,375	2,132,003	3,374,035
Accumulated Depreciation	(210,361)	(507,929)	(1,684,889)	(2,403,179)
Net book value	380,296	143,446	447,114	970,856
Movement during the period				
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the period	38,030	43,034	89,423	170,487
As at June 30, 2024				
Cost	590,657	651,375	2,132,003	3,374,035
Accumulated Depreciation	(248,391)	(550,963)	(1,774,312)	(2,573,666)
Net book value	342,266	100,412	357,691	800,369
Depreciation rate per annum	10%	30%	20%	
	2023			
	Furniture & Fixture	Computers & Office Equipments	Vehicle	Total Rupees
As at July 1, 2022				
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
Movement during the period				
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the period	42,255	61,477	111,778	215,510
As at June 30, 2023				
Cost	590,657	651,375	2,132,003	3,374,035
Accumulated Depreciation	(210,361)	(507,929)	(1,684,889)	(2,403,179)
Net book value	380,296	143,446	447,114	970,856
Depreciation rate per annum	10%	30%	20%	

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

7 INTANGIBLE ASSETS	Note	Jun-24 Rupees	Jun-23 Rupees
Trading Rights Entitlement Certificate ("TREC")	7.1	2,500,000	2,500,000
		2,500,000	2,500,000
Impairment		-	-
		2,500,000	2,500,000

7.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration Act, 2012), 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. Since then there is no change in the notional value of the TREC Certificate till 30 June 2024.

8 LONG-TERM INVESTMENTS

Investments at fair value through OCI

ISE Towers REIT Mgmt Ltd (unquoted) - opening		35,225,929	30,534,179
Purchase of Shares		-	-
		35,225,929	30,534,179
Adjustment for remeasurement to fair value	8.1	1,680,917	4,691,750
		36,906,846	35,225,929
Loss on sale of shares		(9,595,416)	-
Sale Proceeds		27,311,430	-
		-	35,225,929

8.1 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 was 19.35 per share notified by ISE Towers REIT Management Limited (2023). These shares are sold @ Rs. 15 / share in financial year 2024.

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

9 LONG-TERM DEPOSITS

Central Depository Company Limited		100,000	100,000
National Clearing Company of Pakistan Limited		200,000	200,000
		300,000	300,000

10 TRADE DEBTS

Unsecured			
Considered good	10.1	262,173	239,653
Considered doubtful		515,784	348,025
		777,957	587,678
Less: Provision for doubtful debts	10.2	(515,784)	(348,025)
		262,173	239,653

10.1 The Doubtful trade debts amounting to Rs: 515,784.

10.2 Movement in provision against trade debts is as under:

Opening balance (as at July 1)		348,025	331,857
Charged to profit and loss during the year		167,759	16,188
		515,784	348,025
Amounts written off during the year		-	-
Closing balance (as at June 30)		515,784	348,025

10.3 Trade debts include due from related party as follows: Nil(2023:Nil)

10.4 Aging Analysis

Particulars	Not past due	Past due 0 - 30 days	Past due 31 - 90 days	Past due 91 - 1 year	Past due more than 1 year	Total Gross Amount Due
Client Debts	-	146,572	94,176	19,843	517,367	777,957

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

10.5 The maximum aggregate amount outstanding by reference to month end balances is Rs.975,899 (2023: Rs. 1,137,543).

	Note	Jun-24 Rupees	Jun-23 Rupees
11 TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES			
Balance due from NCCPL	11.1	3,949,121	14,970,312
PSX Exposure	11.2	5,200,000	1,200,000
Other Receivables		2,560,377	231,134
		<u>11,709,498</u>	<u>16,401,446</u>

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

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

12 INCOME TAX REFUNDABLE

Opening balance (as at July 1)	2,337,181	1,769,670
Add: Current year additions	903,185	800,472
	<u>3,240,366</u>	<u>2,570,142</u>
Less: Adjusted	(1,189,295)	(232,961)
Closing balance (as at June 30)	<u>2,051,071</u>	<u>2,337,181</u>

13 SHORT TERM INVESTMENTS

Investments at fair value through profit/(loss)		
Investments in listed securities	26,251,021	36,229,644
Gain / (Loss) on remeasurement	2,984,864	(11,549,677)
Investments in listed securities	<u>29,235,885</u>	<u>24,679,967</u>

13.1 Investments at fair value through profit/(loss)

2024	2023	Symbol	Name of Investee	2024	2023
Number of Shares				Market value in rupees	
5,500	105,500	EMCO	EMCO INDUSTRIES LIMITED	189,585	3,165,000
1,000,000	1,000,000	PSX	PAKISTAN STOCK EXCHANGE LIMITED	12,810,000	7,400,000
-	1,000	SHJS	SHAHTAJ SUGAR MILLS LIMITED	-	49,850
1,200,000	1,200,000	TPL	TPL CORP LIMITED	5,628,000	7,212,000
595,000	550,000	TPLP	TPL PROPERTIES LIMITED	5,200,300	6,833,000
-	1	UBL	UNITED BANK LIMITED	-	118
650,000	-	FLYNG	FLYING CEMENTS LIMITED	5,408,000	-
<u>3,450,500</u>	<u>2,856,501</u>			<u>29,235,885</u>	<u>24,679,968</u>

13.2 Value of Pledge securities of house with NCCPL.

13.3 1 million shares of PSX are pledged with the PSX to meet BMC requirements.

14 CASH AND BANK BALANCES

Cash in hand		-	-
Cash at bank			
Current Accounts	14.1	930	930
Saving Accounts	14.2	34,542,514	6,103,060
		<u>34,543,444</u>	<u>6,103,990</u>

14.1 Saving account carries markup which ranges from 10% to 20.50% (2023: 10% to 19.75%) per annum.

14.2 Balance pertaining to:

Brokerage house	32,093,859	4,269,960
Clients	2,447,585	1,834,030
	<u>34,543,444</u>	<u>6,103,990</u>

	Note	Jun-24 Rupees	Jun-23 Rupees
15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
15.1	Authorized capital		
	10,000,000 (2023: 10,000,000) ordinary shares of PKR 10 each.	<u>100,000,000</u>	<u>100,000,000</u>

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

	Note	Jun-24 Rupees	Jun-23 Rupees																								
15.2 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																								
		<u>93,000,000</u>	<u>93,000,000</u>																								
15.3 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.																											
15.4 Pattern of Shareholding																											
		<table border="1"> <thead> <tr> <th colspan="2">Number of Shares</th> <th colspan="2">Percentage</th> </tr> <tr> <th>Jun-24</th> <th>Jun-23</th> <th>Jun-24</th> <th>Jun-23</th> </tr> </thead> <tbody> <tr> <td>Mr. Nasir Mahmood Khan</td> <td>9,292,560</td> <td>9,292,560</td> <td>99.92%</td> </tr> <tr> <td>Muhammad Idrees</td> <td>3,720</td> <td>3,720</td> <td>0.04%</td> </tr> <tr> <td>Faisal Ali Asghar</td> <td>3,720</td> <td>3,720</td> <td>0.04%</td> </tr> <tr> <td></td> <td><u>9,300,000</u></td> <td><u>9,300,000</u></td> <td><u>100%</u></td> </tr> </tbody> </table>		Number of Shares		Percentage		Jun-24	Jun-23	Jun-24	Jun-23	Mr. Nasir Mahmood Khan	9,292,560	9,292,560	99.92%	Muhammad Idrees	3,720	3,720	0.04%	Faisal Ali Asghar	3,720	3,720	0.04%		<u>9,300,000</u>	<u>9,300,000</u>	<u>100%</u>
Number of Shares		Percentage																									
Jun-24	Jun-23	Jun-24	Jun-23																								
Mr. Nasir Mahmood Khan	9,292,560	9,292,560	99.92%																								
Muhammad Idrees	3,720	3,720	0.04%																								
Faisal Ali Asghar	3,720	3,720	0.04%																								
	<u>9,300,000</u>	<u>9,300,000</u>	<u>100%</u>																								
16 TRADE AND OTHER PAYABLES																											
Trade creditors	16.1	1,475,251	483,875																								
Accrued expenses		583,048	3,891,514																								
		<u>2,058,299</u>	<u>4,377,389</u>																								
16.1 This includes NIL/- (2023: NIL) due to directors and shareholders.																											
17 PROVISION FOR TAXATION																											
Opening balance (as at July 1)		699,994	232,961																								
Add: Current Year Provision		435,727	699,994																								
		<u>1,135,721</u>	<u>932,955</u>																								
Less: Adjustment against advance tax		699,994	232,961																								
Closing balance (as at June 30)		<u>435,727</u>	<u>699,994</u>																								
18 CONTINGENCIES AND COMMITMENTS																											
18.1 There are no contingencies of the Company as at June 30, 2024 (2023: Nil).																											
18.2 Commitments																											
For purchase of shares		-	-																								
For sale of shares		1,058,340	-																								
		<u>1,058,340</u>	<u>-</u>																								
19 OPERATING REVENUE																											
Brokerage income		1,318,906	1,557,004																								
Less: Sales tax on services		(181,918)	(249,121)																								
Net Brokerage Commission excluding sales tax on services		<u>1,136,988</u>	<u>1,307,883</u>																								
Dividend income		2,810,103	1,236,273																								
		<u>3,947,091</u>	<u>2,544,156</u>																								
20 OPERATING & ADMINISTRATIVE EXPENSES																											
Staff Salaries & Other Benefits		2,438,374	798,594																								
Travelling/ Conveyance/ Vehicles Running/ Maintenance		2,268,000	604,300																								
Fuel and power		3,223,500	-																								
Provision for / (reversal of provision for) doubtful debts	10.2	167,759	16,188																								
Bad Debts and receivables written off		13,665	-																								
Auditors' Remuneration	20.1	199,500	152,400																								
Regulatory Charges		548,972	320,253																								
Insurance		5,450	5,450																								
Communication		139,552	136,259																								
Stationery/ Printing/ Photocopies/ Office Supplies		92,209	25,000																								
Fees & Subscription		591,099	770,521																								
Misc Expenses		10,536	-																								
Repair / Maintenance		1,909,994	25,000																								
Other Expenses		1,819,260	450,826																								
Depreciation	6	170,487	215,510																								
		<u>13,598,357</u>	<u>3,520,301</u>																								
20.1 Auditor's remuneration																											
Statutory audit		120,000	100,000																								
Certifications and other charges		70,000	52,400																								
Sales tax		9,500	-																								
		<u>199,500</u>	<u>152,400</u>																								

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

	Note	Jun-24 Rupees	Jun-23 Rupees
21 FINANCE COST			
Bank and other charges		3,631	2,888
		<u>3,631</u>	<u>2,888</u>
22 OTHER INCOME / LOSSES			
Income from financial assets			
Mark-up on:			
Bank balances		2,734,839	2,934,493
MTS exposure		5,581,237	423,915
Profit on PSX exposure		12,670	34,399
		<u>8,328,746</u>	<u>3,392,808</u>
Income from non-financial assets/liabilities			
Gain on sale of assets		-	-
Sundry / miscellaneous income		-	-
		<u>8,328,746</u>	<u>3,392,808</u>
23 Levies			
Levies-Minimum Tax		14,212	-
		<u>14,212</u>	<u>-</u>
24 TAXATION			
Current tax expense / (income)			
for the year		421,515	699,994
prior years		(148,680)	-
		<u>272,835</u>	<u>699,994</u>
24.1	The provision for current year taxation based on subject to taxation under under section 113 of income tax ordinance 2001. The assessment of the company will be finalized under the provisions of Income Tax Ordinance, 2001. Income tax returns are filed up to tax year 2023.		
24.2	As at June 30, 2024, deferred tax asset amounting to Rs. 6,265,386 (June 30, 2023: Rs.5,063,355) has not been recognized in these financial statements as the Company does not foresee sufficient taxable profits in future.		
Taxable temporary differences (deferred tax liabilities):		<u>-</u>	<u>-</u>
Deductible temporary differences (deferred tax assets):			
Operating Fixed Assets		(2,649)	(1,977)
Short term Investment		(3,087,564)	(3,953,063)
Trade Debts		(149,577)	(100,927)
Short term Investments (Capital Gain Losses Carried Forward)		(795,053)	(1,007,389)
Business losses carried forward		(2,230,541)	-
		<u>(6,265,386)</u>	<u>(5,063,355)</u>

25 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:

	Note	Jun-24 Rupees	Jun-23 Rupees
Profit / (loss) after taxation, attributable to ordinary shareholders		(6,454,141)	(9,835,897)
Weighted average number of ordinary shares in issue during the year		9,300,000	9,300,000
Earnings per share		(0.69)	(1.06)

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

No remuneration was paid to the Chief Executive, Directors or other Executives of the Company during the year (2023: Nil).

	2024		2023	
	Remuneration	No. of persons	Remuneration	No. of persons
Chief Executive Officer	Nil	1	Nil	1
Directors		1		1

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

27 **FINANCIAL INSTRUMENTS BY CATEGORY**

2024				
Amortized cost	FVOCI	FVTPL	Total	
Rupees				
ASSETS				
Non-current assets				
Long term deposits	300,000	-	-	300,000
Long term investment	-	-	-	-
Current assets				
Short-term investments	-	-	29,235,885	29,235,885
Trade debts - net	262,173	-	-	262,173
Deposits, prepayments and other receivables	11,709,498	-	-	11,709,498
Cash and bank balances	34,543,444	-	-	34,543,444
LIABILITIES				
Current liabilities				
Trade and other payables	2,058,299	-	-	2,058,299

2023				
Amortized cost	FVOCI	FVTPL	Total	
Rupees				
ASSETS				
Non-current assets				
Long term deposits	300,000	-	-	300,000
Long term investment	-	35,225,929	-	35,225,929
Current assets				
Short-term investments	-	-	24,679,967	24,679,967
Trade debts - net	239,653	-	-	239,653
Deposits, prepayments and other receivables	16,401,446	-	-	16,401,446
Cash and bank balances	6,103,990	-	-	6,103,990
LIABILITIES				
Current liabilities				
Trade and other payables	4,377,389	-	-	4,377,389

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

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:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	2024 Rupees	2023 Rupees
Long term investments	-	35,225,929
Long term deposits	300,000	300,000
Trade debts - net	262,173	239,653
Deposits, prepayments and other receivables	11,709,498	16,401,446
Short term investments	29,235,885	24,679,967
Cash and bank balances	34,543,444	6,103,990
	<u>76,051,000</u>	<u>82,950,985</u>

28.3.1 Aging and movement in Impairment losses

The aging of receivables as at the reporting date is as follows:

	2024 Rupees	2023 Rupees
Not past due	-	-
Past due 0 - 30 days	146,572	18,289
Past due 31 - 90 days	94,176	21,469
Past due 91 - 1 year	19,843	547,920
Past due more than 1 year	517,367	-
	<u>777,957</u>	<u>587,678</u>
Allowance for ECL	(515,784)	(348,025)
	<u>262,173</u>	<u>239,653</u>

The movement in allowance for ECL in respect of receivables during the year is as follows:

As at beginning of the year	348,025	331,837
Impairment loss recognized	167,759	16,188
Impairment loss reversed	-	-
Bad debts written off	-	-
	<u>515,784</u>	<u>348,025</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 assets, 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	June 30, 2024		
	Carrying amount	Within one year	More than one year
Short term borrowings	-	-	-
Trade and other payables	2,058,299	2,058,299	-
Total	<u>2,058,299</u>	<u>2,058,299</u>	<u>-</u>

Financial liabilities	June 30, 2023		
	Carrying amount	Within one year	More than one year
Short term borrowings	-	-	-
Trade and other payables	4,377,389	4,377,389	-
Total	<u>4,377,389</u>	<u>4,377,389</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.

28.5 Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

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 SHARES HELD IN CUSTOMERS SUB ACCOUNTS IN CENTRAL DEPOSITORY SYSTEM

Number of customers' shares held in Central Depository System and customers' shares pledged with financial institutions as at June 30, 2024 is 560,503 and nil respectively. The value of these shares held with central depository system as at June 30, 2024 is Rs. 5,671,705(2023: 128,446,459).

31 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.

Recurring FV Measurement - June 30, 2024	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	-	-	-
Short-term investment - available-for-sale	-	-	-	-
Short-term investments - at FVTPL	29,235,885	-	-	29,235,885
Recurring FV Measurement - June 30, 2023	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	35,225,929	-	35,225,929
Short-term investment - available-for-sale	-	-	-	-
Short-term investments - at FVTPL	24,679,967	-	-	24,679,967

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.

32 CAPITAL MANAGEMENT

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

32.2 CAPITAL ADEQUACY

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

	Notes	Amount (Rupees)
Total Assets	32.2.1	81,402,440
Less: Total Liabilities		(2,494,026)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		78,908,414

32.2.1 While determining the value of the total assets of the TRFC Holder, Notional value of the TRFC Certificate held by FIRST STREET

CAPITAL (PVT.) LIMITED as at year ended June 30th 2024 as determined by Pakistan Stock Exchange has been considered.

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2024

33 STATEMENT OF LIQUID CAPITAL BALANCE

Basis of Preparation

The liquid capital balance has been prepared under regulation 6(4) of Third Schedule of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

Basis of Measurement

The statement has been prepared under the historical cost convention except investment in listed securities which are measured on fair value.

Computation of Liquid Capital

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	800,369	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			
Investment in Debt Securities				
If listed than:				
1.4	i. 5% of the balance sheet value in the case of tenure upto 1 year.		5.00%	
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		7.50%	
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		10.00%	
If unlisted than:				
1.4	i. 10% of the balance sheet value in the case of tenure upto 1 year.		10.00%	
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		12.50%	
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		15.00%	
Investment in Equity Securities				
1.5	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	29,235,885	16,159,425	13,066,460
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	Investment in subsidiaries			
Investment in associated companies/undertaking				
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.		100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity. 100% of net value, however, any excess amount of cash deposited with securities exchange to comply with requirements of Base minimum capital, may be taken in the calculation of LC. Nil, or any excess cash amount.	500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	5,000,000		5,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	2,560,377	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)			-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			-
1.13	Dividends receivables.			-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	Receivables other than trade receivables			
	1. No Haircut may be applied on the short-term loan to employees provided these loans are secured and due for repayment within 12 months			
	2. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation	2,051,071	100%	-
	3. In all other cases, 100% of net value		100%	
1.16	Receivables from clearing house or securities exchange(s)	-	0%	
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			
	claims on account of entitlements against trading of securities in all markets including MtM gains.	3,949,121		3,949,121
Receivables from customers				
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.			
	<i>I. Lower of net balance sheet value or value determined through adjustments.</i>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.		5%	-
	<i>II. Net amount after deducting haircut</i>			

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	6,130		6,130
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet values or values determined through adjustments</i>	256,043		256,043
	vi. In the case of amount of receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Up to 30 days, values determined after applying VAR based haircuts; b. Above 30 days but upto 90 days, values determined after applying 50% or VAR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable.	-	100.00%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	32,095,859	-	32,095,859
	ii. Bank balance-customer accounts	2,447,585	-	2,447,585
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/offer			
	i. No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	ii. In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities.			
	iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VARbased haircut whichever is higher, will be applied in Right shares..			
1.20	Total Assets	81,402,440		56,821,198
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-		0
	ii. Payable against leveraged market products	-		-
	iii. Payable to customers	1,475,251		1,475,251
2.2	Current Liabilities			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	583,048		583,048
	iii. Short-term borrowings			
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			-
	vi. Deferred Liabilities			
	vii. Provision for bad debts			-
	viii. Provision for taxation	435,727	100%	-
ix. Other liabilities as per accounting principles and included in the financial statements	-		-	
2.3	Non-Current Liabilities			
	i. Long-Term financing			
	ii. Staff retirement benefits			
	iii. Other liabilities as per accounting principles and included in the financial statements			-
2.4	Subordinated Loans			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	Advance against shares for increase in capital of securities broker 100% Haircut may be allowed in respect of advance against shares if: (a) The existing authorized share capital allows the proposed enhanced share capital (b) Board of Directors of the company has approved the increase in capital (c) Relevant Regulatory approvals have been obtained (d) There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed (e) Auditor is satisfied that such advance is against the increase of capital.			
2.6	Total Liabilities	2,494,026		2,058,299

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

B. Ranking Liabilities Relating to :			
3.1	Concentration in Margin Financing		
	The amount calculated on client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees. Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs. 5 Million. Note: Only amount exceeding by 10% of each financee from aggregate amount shall be included in the ranking liabilities.		
3.2	Concentration in securities lending and borrowing		
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed. Note: Only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities.		
3.3	Net underwriting Commitments		
	(a) in the case of right issue : If the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments		
3.4	Negative equity of subsidiary		
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary		
3.5	Foreign exchange agreements and foreign currency positions		
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency		
3.6	Amount Payable under REPO		
3.7	Repo adjustment		
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.		
3.8	Concentrated proprietary positions		
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	640,500	640,500
3.9	Opening Positions in futures and options		
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met		
3.10	Short sell positions		
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.		
3.11	Total Ranking Liabilities	640,500	640,500
Calculations Summary of Liquid Capital		78,267,914	54,122,399

(i) Adjusted value of Assets (serial number 1.20)
(ii) Less: Adjusted value of liabilities (serial number 2.6)
(iii) Less: Total ranking liabilities (series number 3.11)

55,821,198
(2,058,299)
(640,500)

54,122,399

FIRST STREET CAPITAL (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

34 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.

35 EVENTS AFTER REPORTING PERIOD

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

36 NUMBER OF EMPLOYEES

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

	2024	2023
Total No. of employees as at	<u>7</u>	<u>3</u>
Average number of employees during the year	<u><u>5</u></u>	<u><u>3</u></u>

37 RE-CLASSIFICATION AND RE-ARRANGEMENTS

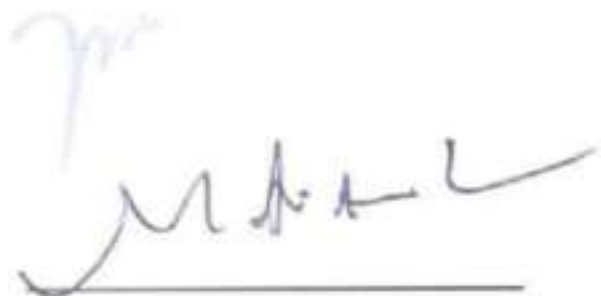
Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

38 GENERAL

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

39 AUTHORIZATION

These financial statements were authorized for issue on October 07, 2024 by the Board of Directors of the Company.



Chief Executive Officer



Director