

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

**Report on the Audit of the Financial Statements**

**Opinion**

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

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

**Basis for Opinion**

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

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but those not include the financial statements and our auditor's report thereon.

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

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

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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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors is responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events are 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 those charged with governance and the board of directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

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

- (a) Proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts and returns;
- (c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other Matter

The financial statements of the Fairway Securities (Private) Limited for the year ended June 30, 2022 were audited by Amin, Mudassar & Co. Chartered Accountants who expressed an unmodified opinion on those statements on October 31, 2022.

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

*Alam & Aulakh*

**Alam & Aulakh**  
Chartered Accountants

ALAM & AULAKH  
CHARTERED ACCOUNTANTS

Place: Lahore  
Date: October 05, 2023

UDIN: AR202310190HQVbqmw00

FAIRWAY SECURITIES (PVT) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2023

|                                    | Note | 2023<br>Rupees            | 2022<br>Rupees            |
|------------------------------------|------|---------------------------|---------------------------|
| <b>ASSETS</b>                      |      |                           |                           |
| <b>NON CURRENT ASSETS</b>          |      |                           |                           |
| Property and equipment             | 4    | 239,058                   | 283,126                   |
| Intangible assets                  | 5    | 2,500,000                 | 2,500,000                 |
| Long term investment               | 6    | 8,646,064                 | 15,832,971                |
| Long term deposits                 | 7    | 670,000                   | 670,000                   |
|                                    |      | <u>12,055,122</u>         | <u>19,286,097</u>         |
| <b>CURRENT ASSETS</b>              |      |                           |                           |
| Trade debts                        | 8    | 459,937                   | 2,016,092                 |
| Advances, deposits and prepayments | 9    | 675,000                   | 91,124                    |
| Tax refund due from Government     | 10   | 1,669,803                 | 1,447,188                 |
| Cash and bank balances             | 11   | 203,517,754               | 203,494,151               |
|                                    |      | <u>206,322,494</u>        | <u>207,048,555</u>        |
|                                    |      | <u><u>218,377,616</u></u> | <u><u>226,334,652</u></u> |
| <b>EQUITY AND LIABILITIES</b>      |      |                           |                           |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |                           |                           |
| Share capital                      | 12   | 100,000,000               | 100,000,000               |
| Accumulated loss                   |      | (73,969,438)              | (62,956,592)              |
| Capital reserve                    |      |                           |                           |
| Fair value adjustment reserve      | 13   | -                         | 671,129                   |
| Directors' loan - subordinated     | 14   | 16,000,000                | 16,000,000                |
|                                    |      | <u>42,030,562</u>         | <u>53,714,537</u>         |
| <b>NON-CURRENT LIABILITIES</b>     |      |                           |                           |
| Deferred taxation                  | 15   | -                         | 274,123                   |
| <b>CURRENT LIABILITIES</b>         |      |                           |                           |
| Trade and other payables           | 16   | 7,555,004                 | 3,451,517                 |
| Accrued interest                   |      | 20,120,972                | 20,120,972                |
| Loan from banking company          | 17   | 125,206,876               | 125,206,876               |
| Loan from related parties          | 18   | 23,464,202                | 23,566,627                |
|                                    |      | <u>176,347,054</u>        | <u>172,345,992</u>        |
| Contingencies and commitments      | 19   | -                         | -                         |
|                                    |      | <u><u>218,377,616</u></u> | <u><u>226,334,652</u></u> |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE




DIRECTOR



**FAIRWAY SECURITIES (PVT) LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2023**

|   | Note | 2023<br>Rupees             | 2022<br>Rupees            |
|---|------|----------------------------|---------------------------|
| Brokerage and commission                  | 20   | 5,539,568                  | 7,749,489                 |
| Direct cost                               | 21   | (258,618)                  | (317,551)                 |
| <b>GROSS PROFIT</b>                       |      | <u>5,280,950</u>           | <u>7,431,938</u>          |
| Operating expenses                        | 22   | (13,084,808)               | (14,692,807)              |
| Other expense                             | 23   | (5,665,073)                | (184,045)                 |
| Other income                              | 24   | 2,615,932                  | 3,051,139                 |
|   |      | (16,133,949)               | (11,825,713)              |
| <b>LOSS FROM OPERATIONS</b>               |      | <u>(10,852,999)</u>        | <u>(4,393,775)</u>        |
| Finance cost                              | 25   | -                          | (139)                     |
| <b>LOSS BEFORE TAXATION</b>               |      | <u>(10,852,999)</u>        | <u>(4,393,914)</u>        |
| Taxation                                  | 26   | (159,847)                  | (327,160)                 |
| <b>LOSS FOR THE YEAR</b>                  |      | <u><u>(11,012,846)</u></u> | <u><u>(4,721,074)</u></u> |
| <b>LOSS PER SHARE - BASIC AND DILUTED</b> | 27   | <u><u>(1.10)</u></u>       | <u><u>(0.47)</u></u>      |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE



  
DIRECTOR

**FAIRWAY SECURITIES (PVT) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | 2023<br>Rupees      | 2022<br>Rupees     |
|--|---------------------|--------------------|
| Loss for the year  | (11,012,846)        | (4,721,074)        |
| <b>Items that will not be reclassified<br/>subsequently to statement of profit or loss</b> | -                   | -                  |
| <b>Items that may be reclassified subsequently<br/>to statement of profit or loss</b>      |                     |                    |
| Loss on available for sale investment  | -                   | (2,278,733)        |
| Derecognition of fair value reserve on reclassification of<br>investment                   | (945,252)           |                    |
| Deferred tax on available for sale investment  | 274,123             | (274,123)          |
| Other comprehensive loss   | (671,129)           | (2,552,856)        |
| <b>Total comprehensive loss</b>  | <b>(11,683,975)</b> | <b>(7,273,930)</b> |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**



  
**DIRECTOR**

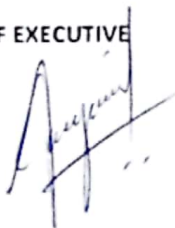
FAIRWAY SECURITIES (PVT) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

|  | Note      | 2023<br>Rupees     | 2022<br>Rupees      |
|--|-----------|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |           |                    |                     |
| Loss before taxation   |           | (10,852,999)       | (4,393,914)         |
| <b>Adjustments of items not involving movements of cash:</b>       |           |                    |                     |
| Depreciation   | 4         | 44,068             | 53,757              |
| Unrealized loss on remeasurement of securities                     |           | 5,390,121          | -                   |
| Realized loss on sale of securities                                |           | 202,000            | -                   |
| Provision for doubtful debts                                       |           | 72,952             | 184,045             |
| Interest income  |           | (43,023)           | (818,158)           |
|  |           | 5,666,118          | (580,356)           |
| <b>Operating cash flows before working capital changes</b>         |           | <b>(5,186,881)</b> | <b>(4,974,270)</b>  |
| <b>Changes in working capital</b>                                  |           |                    |                     |
| <b>(Increase) / decrease in current assets</b>                     |           |                    |                     |
| Trade debts  |           | 1,483,203          | (1,825,497)         |
| Advances, deposits and prepayments                                 |           | (583,876)          | 2,335,609           |
| <b>Increase / (decrease) in current liabilities</b>                |           |                    |                     |
| Trade and other payables   |           | 4,103,487          | (22,318,033)        |
|  |           | 5,002,814          | (21,807,921)        |
| <b>Cash used in operations</b>                                     |           | <b>(184,067)</b>   | <b>(26,782,191)</b> |
| Taxes paid   |           | (382,462)          | (378,206)           |
|  |           | (382,462)          | (378,206)           |
| <b>Net cash used in operations (A)</b>                             |           | <b>(566,529)</b>   | <b>(27,160,397)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |           |                    |                     |
| Long term security deposit - net                                   |           | -                  | 400,000             |
| Disposal of securities   |           | 799,907            | -                   |
| Purchase of securities   |           | (150,373)          | -                   |
| Interest income received   |           | 43,023             | 824,987             |
| <b>Net cash generated from investing activities (B)</b>            |           | <b>692,557</b>     | <b>1,224,987</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                        |           |                    |                     |
| Loan (refunded to) / obtained from related parties                 |           | (102,425)          | 22,252,436          |
| Loan received from banking company                                 |           | -                  | 125,206,876         |
| <b>Net cash (used in)/ generated from financing activities (C)</b> |           | <b>(102,425)</b>   | <b>147,459,312</b>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>           |           | <b>23,603</b>      | <b>121,523,902</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>      |           | <b>203,494,152</b> | <b>81,970,250</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>            | <b>11</b> | <b>203,517,755</b> | <b>203,494,152</b>  |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE




DIRECTOR



FAIRWAY SECURITIES (PVT) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023

| Paid up capital                       | Accumulated loss | Fair value adjustment reserve | Subtotal    | Long term loan | Total      |              |
|---------------------------------------|------------------|-------------------------------|-------------|----------------|------------|--------------|
| ----- (R u p e e s) -----             |                  |                               |             |                |            |              |
| Balance as at June 30, 2021           | 100,000,000      | (58,235,518)                  | 3,223,985   | 44,988,467     | 16,000,000 | 60,988,467   |
| Loss after taxation                   | -                | (4,721,074)                   | -           | (4,721,074)    | -          | (4,721,074)  |
| Other comprehensive loss              | -                | -                             | (2,552,856) | (2,552,856)    | -          | (2,552,856)  |
| Total comprehensive loss for the year | -                | (4,721,074)                   | (2,552,856) | (7,273,930)    | -          | (7,273,930)  |
| Balance as at June 30, 2022           | 100,000,000      | (62,956,592)                  | 671,129     | 37,714,537     | 16,000,000 | 53,714,537   |
| Loss after taxation                   | -                | (11,012,846)                  | -           | (11,012,846)   | -          | (11,012,846) |
| Other comprehensive loss              | -                | -                             | (671,129)   | (671,129)      | -          | (671,129)    |
| Total comprehensive loss for the year | -                | (11,012,846)                  | (671,129)   | (11,683,975)   | -          | (11,683,975) |
| Balance as at June 30, 2023           | 100,000,000      | (73,969,438)                  | -           | 26,030,562     | 16,000,000 | 42,030,562   |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE

  
DIRECTOR





**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 COMPANY AND ITS OPERATION**

- 1.1** The company was incorporated as Private Limited Company on May 3, 2006 under the repealed Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the Company is situated at 26-K, Ground Floor Commercial, Phase-1, DHA, Lahore.

The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

**2 BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

**2.2 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

**2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

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



**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

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

Gain or loss on disposal of property and equipment, if any is taken to profit or loss.

**3.2 INTANGIBLE ASSETS**

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

**3.2.1 Membership card and offices**

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

**3.3 FINANCIAL ASSETS**

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

**3.3.1 Held to Maturity**

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

**3.3.2 At fair value through profit or loss**

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

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

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**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

**3.3.3 Available-for-sale**

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

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

**3.3.4 Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the statement of financial position.

**3.4 FINANCIAL LIABILITIES**

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

**3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable 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.

**3.6 TRADE DEBTS AND OTHER RECEIVABLES**

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment.

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

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

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**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**3.7 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of statement of cash flows; cash and cash equivalents comprise cash in hand, bank balances and running finances.

**3.8 BORROWINGS**

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognised as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

**3.9 TAXATION**

**Current**

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

**Deferred**

Deferred tax is recognized using the liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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 income statement, 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.

**3.10 TRADE AND OTHER PAYABLES**

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

**3.11 PROVISIONS**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

**3.12 CONTINGENT LIABILITIES**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**3.13 IMPAIRMENT OF NON-FINANCIAL ASSETS**

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

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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**FAIRWAY SECURITIES (PVT) LIMITED**  
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**3.14 REVENUE RECOGNITION**

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

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

**3.15 BASIC AND DILUTED EARNINGS PER SHARE**

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

**3.16 RELATED PARTY TRANSACTIONS**

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

**3.17 TRADE DATE ACCOUNTING**

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

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FAIRWAY SECURITIES (PVT) LIMITED  
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FOR THE YEAR ENDED JUNE 30, 2023

4 PROPERTY AND EQUIPMENT

| Particulars            | 2023                |           |          |                     |        |                     |          |                     |                     |                     |
|------------------------|---------------------|-----------|----------|---------------------|--------|---------------------|----------|---------------------|---------------------|---------------------|
|                        | Cost                |           |          |                     | Rate % | Depreciation        |          |                     |                     | W.D.V               |
|                        | As at July 01, 2022 | Additions | Disposal | As at June 30, 2023 |        | As at July 01, 2022 | Disposal | Charge for the year | As at June 30, 2023 | As at June 30, 2023 |
|                        | -----Rupees-----    |           |          |                     |        | -----Rupees-----    |          |                     |                     |                     |
| <b>OWNED</b>           |                     |           |          |                     |        |                     |          |                     |                     |                     |
| Furniture and fittings | 642,095             | -         | -        | 642,095             | 10     | 506,024             | -        | 13,607              | 519,631             | 122,464             |
| Computers              | 628,672             | -         | -        | 628,672             | 30     | 618,172             | -        | 3,150               | 621,322             | 7,350               |
| Office equipments      | 2,282,877           | -         | -        | 2,282,877           | 20     | 2,158,467           | -        | 24,882              | 2,183,349           | 99,528              |
| Vehicles               | 113,130             | -         | -        | 113,130             | 20     | 100,985             | -        | 2,429               | 103,414             | 9,716               |
| <b>Total 2023</b>      | <b>3,666,774</b>    | <b>-</b>  | <b>-</b> | <b>3,666,774</b>    |        | <b>3,383,648</b>    | <b>-</b> | <b>44,068</b>       | <b>3,427,716</b>    | <b>239,058</b>      |

| Particulars            | 2022                |           |          |                     |        |                     |          |                     |                     |                     |
|------------------------|---------------------|-----------|----------|---------------------|--------|---------------------|----------|---------------------|---------------------|---------------------|
|                        | Cost                |           |          |                     | Rate % | Depreciation        |          |                     |                     | W.D.V               |
|                        | As at July 01, 2021 | Additions | Disposal | As at June 30, 2022 |        | As at July 01, 2021 | Disposal | Charge for the year | As at June 30, 2022 | As at June 30, 2022 |
|                        | -----Rupees-----    |           |          |                     |        | -----Rupees-----    |          |                     |                     |                     |
| <b>OWNED</b>           |                     |           |          |                     |        |                     |          |                     |                     |                     |
| Furniture and fittings | 642,095             | -         | -        | 642,095             | 10     | 490,905             | -        | 15,119              | 506,024             | 136,071             |
| Computers              | 628,672             | -         | -        | 628,672             | 30     | 613,672             | -        | 4,500               | 618,172             | 10,500              |
| Office equipments      | 2,282,877           | -         | -        | 2,282,877           | 20     | 2,127,365           | -        | 31,102              | 2,158,467           | 124,410             |
| Vehicles               | 113,130             | -         | -        | 113,130             | 20     | 97,949              | -        | 3,036               | 100,985             | 12,145              |
| <b>Total 2022</b>      | <b>3,666,774</b>    | <b>-</b>  | <b>-</b> | <b>3,666,774</b>    |        | <b>3,329,891</b>    | <b>-</b> | <b>53,757</b>       | <b>3,383,648</b>    | <b>283,126</b>      |

4.1 ALLOCATION OF DEPRECIATION

|                    | Note | 2023<br>Rupees | 2022<br>Rupees |
|--------------------|------|----------------|----------------|
| Operating expenses | 22   | 44,068         | 53,757         |
|                    |      | <u>44,068</u>  | <u>53,757</u>  |



**FAIRWAY SECURITIES (PVT) LIMITED**  
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|                                       | Note | 2023<br>Rupees   | 2022<br>Rupees   |
|---------------------------------------|------|------------------|------------------|
| <b>5 INTANGIBLE ASSETS</b>            |      |                  |                  |
| Trading right entitlement certificate | 5.1  | 2,500,000        | 2,500,000        |
|                                       |      | <u>2,500,000</u> | <u>2,500,000</u> |

5.1 This represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business. It is carried at cost less impairment (2022: same).

**6 LONG TERM INVESTMENT**

**Quoted - Shares of LSE Proptech Limited and LSE Venture Limited**  
**Formerly (Unquoted - Shares of LSE Financial Services Limited)**

Investment at fair value through profit and loss (FVTPL)

Formerly - Investment at fair value through other comprehensive income (FVTOCI)

Cost as at July 01,

**Add:**

Payment for purchase of securities

Fair value gain

**Less:**

Reversal of Fair value adjustment reserve due to reclassification of investment from FVTOCI to FVTPL

Disposal of securities during the year

Fair value loss

|     |                  |                   |
|-----|------------------|-------------------|
|     | 15,832,971       | 14,887,719        |
|     | 150,373          | -                 |
|     | -                | 945,252           |
|     | 150,373          | 945,252           |
|     | -                | -                 |
|     | (945,252)        | -                 |
|     | (1,001,907)      | -                 |
|     | (5,390,121)      | -                 |
|     | (7,337,280)      | -                 |
| 6.1 | <u>8,646,064</u> | <u>15,832,971</u> |

6.1 During the year, LSE Financial Services Limited was demerged into two companies, LSE Venture Limited and LSE Proptech Limited, as per the demerger scheme approved by the Honorable Lahore Highcourt, dated April 26, 2023. During the year company has received the quoted shares of LSE Venture Limited and LSE Proptech Limited against shares in LSE Financial Services Limited as per the above mentioned scheme. Due to change in investment in investment form un-quoted shares to quoted shares, the company has reclassified the investment from available for sale investment to fair value through profit and loss and respective accumulated reserve has been charges to profit and loss account.

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**FAIRWAY SECURITIES (PVT) LIMITED**  
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|   | Note | 2023<br>Rupees   | 2022<br>Rupees   |
|---|------|------------------|------------------|
| <b>7 LONG TERM DEPOSITS</b>   |      |                  |                  |
| <b>Deposits with:</b>   |      |                  |                  |
| LSE Financial Services Limited  |      | 360,000          | 360,000          |
| Central Depository Company of Pakistan Limited  |      | 100,000          | 100,000          |
| Security deposit against office building  |      | 210,000          | 210,000          |
|   |      | <u>670,000</u>   | <u>670,000</u>   |
| <b>8 TRADE DEBTS</b>  |      |                  |                  |
| <b>Receivable from clients on account of:</b>   |      |                  |                  |
| Purchase of shares on behalf of clients   |      | 289,633          | 226,301          |
| Less: Provision for doubtful debts  | 8.1  | (289,633)        | (226,301)        |
|   |      | -                | -                |
| Receivable from ECLEAR Services Limited   |      | 459,937          | 2,016,092        |
| Brokerage commission receivable   |      | -                | -                |
|   |      | <u>459,937</u>   | <u>2,016,092</u> |
| <b>8.1 Movement is as follows</b>   |      |                  |                  |
| Balance as at July 01,  |      | 226,301          | 42,256           |
| Less: Reversal of provision for doubtful debts  |      | (9,620)          | -                |
| Provision made during the year  |      | 72,952           | 184,045          |
| Balance as at June 30,  |      | <u>289,633</u>   | <u>226,301</u>   |
| <b>9 ADVANCES, DEPOSITS AND PREPAYMENTS</b>   |      |                  |                  |
| <b>Deposits with:</b>   |      |                  |                  |
| National Clearing Company of Pakistan Ltd.  | 9.1  | 675,000          | -                |
| Prepayments   |      | -                | 91,124           |
|   |      | <u>675,000</u>   | <u>91,124</u>    |
| <b>9.1</b> This represented deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. This carried profit at rates ranging from 3% to 6% (2022: 3% to 6%) per annum. |      |                  |                  |
| <b>10 TAX REFUND DUE FROM GOVERNMENT</b>  |      |                  |                  |
| Advance income taxes  | 10.1 | <u>1,669,803</u> | <u>1,447,188</u> |
| <b>10.1 Movement is as follows</b>  |      |                  |                  |
| Balance as at July 1,   |      | 1,447,188        | 1,380,541        |
| Addition during the year  |      | 382,462          | 393,807          |
| Provision for taxation  |      | (159,847)        | (327,160)        |
| Balance as at June 30,  |      | <u>1,669,803</u> | <u>1,447,188</u> |

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FAIRWAY SECURITIES (PVT) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

|                                  | Note | 2023<br>Rupees     | 2022<br>Rupees     |
|----------------------------------|------|--------------------|--------------------|
| <b>11 CASH AND BANK BALANCES</b> |      |                    |                    |
| Cash in hand                     |      | 1,895              | 7,489              |
| Cash at banks                    |      |                    |                    |
| Current Accounts                 |      |                    |                    |
| Pertaining to brokerage house    |      | <u>203,208,705</u> | <u>203,205,883</u> |
|                                  |      | <u>203,208,705</u> | <u>203,205,883</u> |
| Deposit Accounts                 |      |                    |                    |
| Pertaining to brokerage house    | 11.1 | <u>2,120</u>       | <u>2,026</u>       |
| Pertaining to clients            | 11.1 | <u>305,034</u>     | <u>278,754</u>     |
|                                  |      | <u>307,154</u>     | <u>280,779</u>     |
|                                  |      | <u>203,515,859</u> | <u>203,486,662</u> |
|                                  |      | <u>203,517,754</u> | <u>203,494,151</u> |

11.1 These carry markup rates ranging from 20.50% to 20.55% (2022: 3.25% to 6.50%) per annum.

**12 SHARE CAPITAL**

**Authorized**

10,000,000 (2022: 10,000,000) ordinary shares  
of Rs. 10 each

100,000,000      100,000,000

**Issued, subscribed and paid up**

10,000,000 (2022: 10,000,000) ordinary shares  
of Rs. 10 each fully paid in cash

100,000,000      100,000,000

**12.1 Pattern of Shareholding:**

**Categories of shareholders**

| Individual               | % age of Shares Held |             | Number of Shares Held |                   |
|--------------------------|----------------------|-------------|-----------------------|-------------------|
|                          | 2023                 | 2022        | 2023                  | 2022              |
| <b>Chief Executive</b>   |                      |             |                       |                   |
| Mr. Nadeem Javed         | 50%                  | 50%         | 4,999,999             | 4,999,999         |
| <b>Director</b>          |                      |             |                       |                   |
| Mrs. Shamsa Nadeem       | 0.00001%             | 0.00001%    | 1                     | 1                 |
| <b>Shareholder</b>       |                      |             |                       |                   |
| Mr. Wasim Ahmed          | 30%                  | 30%         | 3,000,000             | 3,000,000         |
| <b>Shareholder</b>       |                      |             |                       |                   |
| Mr. Ahmad Bilal Chaudhry | 20%                  | 20%         | 2,000,000             | 2,000,000         |
|                          | <u>100%</u>          | <u>100%</u> | <u>10,000,000</u>     | <u>10,000,000</u> |

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**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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|   | Note   | 2023<br>Rupees    | 2022<br>Rupees    |
|---|--|-------------------|-------------------|
| <b>13 FAIR VALUE ADJUSTMENT RESERVE</b>   |  |                   |                   |
| This represented accumulated gain on available for sale investment and it has been reclassified to statement of profit or loss upon reclassification of related investment. |  |                   |                   |
| <b>14 DIRECTORS' LOAN - SUBORDINATED</b>  |  |                   |                   |
| From related parties:   |  |                   |                   |
| Chief Executive-Mr. Nadeem Javed  | 14.1   | <u>16,000,000</u> | <u>16,000,000</u> |
| <b>14.1</b>   | This represents interest free and un-secured loan obtained from the chief executive of the company. The loan is subordinated to all other debts of the company. The loan is repayable after at the discretion of the company subject to the sufficient cash flows of the company. This loan has been accounted for under Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan. The company has obtained loan in order to maintain the company's operations cost effective. |                   |                   |
| <b>15 DEFERRED TAXATION</b>   |  |                   |                   |
| Deferred credits/(debits) arising due to:   |  |                   |                   |
| Unrealized gain on long term investment   |  | (1,563,135)       | 274,123           |
| Accelerated tax depreciation  |  | (15,812)          | (18,385)          |
| Provision for doubtful debts  |  | (83,994)          | (65,627)          |
| Brought forward losses  |  | (16,186,342)      | (14,752,679)      |
| Alternative corporate taxes paid  |  | (1,054,700)       | (1,054,700)       |
| Minimum taxes paid  |  | (400,392)         | (386,875)         |
| Deferred tax asset not recognised   |  | <u>19,304,375</u> | <u>16,278,266</u> |
|   |  | <u>-</u>          | <u>274,123</u>    |
| Balance as at July 01,  |  | 274,123           | -                 |
| Add: charge for the year in:  |  |                   |                   |
| Profit or loss  |  | -                 | -                 |
| Other comprehensive income  |  | <u>(274,123)</u>  | <u>274,123</u>    |
|   |  | <u>-</u>          | <u>274,123</u>    |
| <b>15.1</b>   | At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 19.36 million (2022: Rs. 16.28 million). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2024.  |                   |                   |

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FAIRWAY SECURITIES (PVT) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

|      | Note  | 2023<br>Rupees                      | 2022<br>Rupees                                      |
|------|---|-------------------------------------|---|
| 15.2 | Minimum taxes would expire as follows:          |                                     |   |
|      |   |                                     | Accounting year in which<br>minimum tax will expire |
|      | Accounting year to which<br>minimum tax relates | Amount of minimum taxes<br>(Rupees) |   |
|      | 2019  | 52,156                              | 2024  |
|      | 2020  | 134,086                             | 2025  |
|      | 2022  | 117,601                             | 2027  |
|      | 2023  | 96,549                              | 2028  |

15.3 Depreciation losses with no expiry limit are as follows:

| Accounting year to which<br>depreciation loss relates | Amount of depreciation losses<br>(Rupees) |
|---|---|
| 2022  | 61,924                                    |
| 2023  | 50,889                                    |

15.4 Business losses would expire as follows:

| Accounting year to which<br>business loss relates | Amount of business losses<br>(Rupees) | Accounting year in which<br>business loss will expire |
|---|---------------------------------------|---|
| 2018  | 21,495,925                            | 2024  |
| 2019  | 24,303,424                            | 2025  |
| 2020  | 1,396,251                             | 2026  |
| 2022  | 3,620,252                             | 2028  |
| 2023  | 4,886,508                             | 2029  |

15.5 Capital losses would expire as follows:

| Accounting year to which<br>business loss relates | Amount of business losses<br>(Rupees) | Accounting year in which<br>business loss will expire |
|---|---------------------------------------|---|
| 2023  | 202,000                               | 2029  |

15.6 Alternative corporate taxes would expire are as follows:

| Accounting year to which<br>alternative corporate<br>taxes relates | Amount of minimum taxes<br>(Rupees) | Accounting year in which<br>alternative corporate taxes will<br>expire |
|--|-------------------------------------|--|
| 2021   | 1,054,700                           | 2031   |



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FAIRWAY SECURITIES (PVT) LIMITED  
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FOR THE YEAR ENDED JUNE 30, 2023

|   | Note | 2023<br>Rupees   | 2022<br>Rupees   |
|---|------|------------------|------------------|
| <b>16 TRADE AND OTHER PAYABLES</b>                |      |                  |                  |
| Creditors for sale of shares on behalf of clients | 16.1 | 116,694          | 147,382          |
| Tax deducted at source - Payable                  |      | 7,800            | 15,600           |
| Sales tax payable                                 |      | 37,837           | 112,600          |
| Auditors' remuneration payable                    |      | 50,000           | -                |
| Accrued expenses                                  |      | 7,214,546        | 3,047,808        |
| PWWF payable                                      |      | 128,127          | 128,127          |
|   |      | <u>7,555,004</u> | <u>3,451,517</u> |

16.1 Creditors for sale of shares on behalf of clients include the following amount due to related parties:

| Name of related party | Basis of relationship                   | 2023<br>Rupees | 2022<br>Rupees |
|-----------------------|---|----------------|----------------|
| Ahmad Bilal Chaudry   | Substantial shareholding in the company | 757            | -              |
|                       |   | <u>757</u>     | <u>-</u>       |

**17 LOAN FROM BANKING COMPANY**

**From financial institutions**

|                                       |      |                    |                    |
|---------------------------------------|------|--------------------|--------------------|
| Summit Bank Limited - (secured) RF-II | 17.1 | 83,097,998         | 83,097,998         |
| Silk Bank Limited - (secured) RF-II   | 17.2 | 42,108,879         | 42,108,879         |
|                                       |      | <u>125,206,876</u> | <u>125,206,876</u> |

17.1 This facility of Rs. 83.09 million was available to the company under the mark up arrangement from Summit Bank Limited. Rate of mark up was Three Months KIBOR plus 4% per annum. This facility remained secured by personal guarantee of directors, token registered mortgage of Rs.0.10 million and Equitable Mortgage with 30% margin on the market value of three properties which had been valued by independent valuers. The company has instituted a suit on 27-2-2019 against the Summit Bank Limited on account of illegalities and breach of contractual obligations in the Honorable Lahore Banking Court No. II for Rs. 91.970 million. The matter is pending adjudication. There is no scope of any loss to the company in the instant matter. This case is being vigorously pursued by the company through its legal counsel and there are good chances of favorable result in this case.

17.2 This facility of Rs. 40.00 million was available to the company under the mark up arrangement from Silk Bank Limited. Rate of mark up was One Year KIBOR plus 4.5% per annum. This facility remained secured by personal guarantee of directors and also secured by mortgage of property of an associate and personal guarantee of directors and their associates.

17.3 During the year ended June 30, 2023, the company has instituted a suit against the Silk Bank Limited challenging act of the Bank for sale/adjustment of shares in the Honorable Lahore Banking Court No. I for Rs. 25.00 million. This suit was dismissed by the Banking Court, against which an Appeal vide RFA No. 47212/2021 has been filed on 27-07-2021 before the Honorable Lahore High Court Lahore, wherein a stay order has already been granted. This Appeal is pending adjudication. There is no scope of any loss to the company in the instant matter. This case is being vigorously pursued by the company and there are good chances of favorable result in this case.

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FAIRWAY SECURITIES (PVT) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

|   | Note | 2023<br>Rupees    | 2022<br>Rupees    |
|---|------|-------------------|-------------------|
| <b>18 LOAN FROM RELATED PARTIES</b>                   |      |                   |                   |
| Unsecured and interest free                           |      |                   |                   |
| Loan from:  |      |                   |                   |
| Mr. Nadeem Javed- Chief Executive                     | 18.1 | 11,665,440        | 11,767,865        |
| Mrs. Shamsa Nadeem - Director                         | 18.3 | 11,798,762        | 11,798,762        |
|   |      | <u>23,464,202</u> | <u>23,566,627</u> |
| <b>18.1 Particulars of loan from Mr. Nadeem Javed</b> |      |                   |                   |
| Balance as at July 01,                                |      | 11,767,865        | 1,314,191         |
| Add: Loan received during the year                    |      | -                 | 1,125,000         |
| Less: Adjustment during the year                      | 18.3 | -                 | 11,941,674        |
|   |      | <u>11,767,865</u> | <u>14,380,865</u> |
| Less: Repayment during the year                       | 18.2 | -                 | (2,613,000)       |
|   |      | <u>11,767,865</u> | <u>11,767,865</u> |

18.2 This represented interest free and un-secured loan obtained from chief executive of the company to meet the working capital requirements of the company. It was being utilized for the said purpose(2022: same).

18.3 These represent adjustment against sale of shares by the Silk Bank Limited to settle its partial loan liability. The company has filed case against this act as referred to note no. 17.4 to the financial statements(2022: same).

**19 CONTINGENCIES AND COMMITMENTS**

**19.1 Contingencies**

19.1.1 The company has not accounted for additional interest aggregating amount Rs. 50.09 million (2022: Rs. 32.19 million) on the loan payable to Summit Bank Limited as the matter is subjudice with the Honorable Lahore Banking Court No. II referred to note no. 17.1 to the financial statements. During the year ended June 30, 2021, the Summit Bank Limited has also filed a suit against the company with the Honorable Lahore Banking Court No. II, wherein the bank has claimed recovery of Rs. 97.94 million. This suit is presently pending adjudication before the Honorable Lahore Court, Lahore. This case is being vigorously pursued by the company and there are good chances of favorable result in this case. The company also filed PLA before Lahore High Court, Lahore.

19.1.2 Based on legal opinion obtained from the legal advisor, the company did not account for the markup aggregating amounting Rs. 28.66 million (2022: Rs. 19.38 million) on running finance facilities obtained from the Silk Bank Limited as referred to note no. 17.2 to the financial statements as the limits of these facilities have not been renewed by the bank. During the year ended June 30, 2022, the company has filed a suit against Silk Bank Limited with the Honorable Lahore Banking Court No. I, as referred to note no. 17.3 to the financial statements.

**19.2 Commitments**

Commitments as at reporting date were Rs. nil (2022: Rs. nil).

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FAIRWAY SECURITIES (PVT) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

|   | Note | 2023<br>Rupees    | 2022<br>Rupees    |
|---|------|-------------------|-------------------|
| <b>20 BROKERAGE AND COMMISSION</b>          |      |                   |                   |
| Retail Customers                            | 20.1 | 6,425,899         | 8,989,407         |
| Less: Sales tax                             |      | (886,331)         | (1,239,918)       |
|   |      | <u>5,539,568</u>  | <u>7,749,489</u>  |
| <b>21 DIRECT COST</b>                       |      |                   |                   |
| <b>Charges paid to:</b>                     |      |                   |                   |
| National Clearing Company of Pakistan Ltd.  |      | 10,600            | 133,382           |
| Central Depository Company of Pakistan Ltd. |      | 41,246            | 84,672            |
| ECLEAR Services Limited                     |      | 206,438           | -                 |
| Pakistan Stock Exchange Ltd.                |      | 333               | 99,498            |
|   |      | <u>258,618</u>    | <u>317,551</u>    |
| <b>22 OPERATING EXPENSES</b>                |      |                   |                   |
| Directors' remuneration                     |      | 4,850,000         | 5,400,000         |
| Staff salaries and benefits                 |      | 3,477,900         | 3,470,400         |
| Rent, rates and taxes                       |      | 1,386,058         | 1,332,526         |
| Communication expenses                      |      | 504,779           | 259,218           |
| Utility charges                             |      | 406,184           | 374,383           |
| Travelling and conveyance                   |      |                   | -                 |
| Printing and stationery                     |      | 39,415            | 80,486            |
| Repair and maintenance                      |      | 1,104,203         | 1,407,187         |
| Vehicle running and maintenance             |      | 695,057           | 627,604           |
| Legal and professional charges              |      | 30,000            | 437,802           |
| Fee and subscription                        |      | 59,325            | 144,230           |
| Auditors' remuneration                      | 23.1 | 50,000            | 100,000           |
| Entertainment                               |      | 234,637           | 431,178           |
| Insurance                                   |      | 91,124            | 160,609           |
| Depreciation                                | 4.1  | 44,068            | 53,757            |
| Security services                           |      | 2,882             | 64,176            |
| Postage and courier                         |      | 7,063             | 34,184            |
| Software charges                            |      | 100,572           | 244,946           |
| Miscellaneous                               |      | 1,542             | 70,120            |
|   |      | <u>13,084,808</u> | <u>14,692,807</u> |

**22.1 Auditors' remuneration**

The audit fee and remuneration for other services included in the financial statements is as follows:

|           |               |                |
|-----------|---------------|----------------|
| Audit Fee | 50,000        | 100,000        |
|           | <u>50,000</u> | <u>100,000</u> |

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**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|   | Note   | 2023<br>Rupees      | 2022<br>Rupees     |
|---|--|---------------------|--------------------|
| <b>23 OTHER EXPENSES</b>  |  |                     |                    |
| Provision for doubtful debts  |  | 72,952              | 184,045            |
| Realized Loss on sale of short term investment                                  |  | 202,000             | -                  |
| Unrealized loss on remeasurement of short term investment                       |  | 5,390,121           | -                  |
|   |  | <u>5,665,073</u>    | <u>184,045</u>     |
| <b>24 OTHER INCOME</b>  |  |                     |                    |
| <b>Income from financial assets</b>   |  |                     |                    |
| Dividend income   |  | 421,988             | 1,392,559          |
| Profit on saving account  |  | 43,023              | 818,158            |
| Bad debt recovered  |  | 9,620               | -                  |
| Profit on exposure margin   |  | 2,054,542           | 388,710            |
|   |  | <u>2,529,172</u>    | <u>2,599,427</u>   |
| <b>Income from assets other than financial assets</b>                           |  |                     |                    |
| Other income  |  | 86,760              | 523,986            |
| Less: sales tax   |  | -                   | (72,274)           |
|   |  | <u>86,760</u>       | <u>451,712</u>     |
|   |  | <u>2,615,932</u>    | <u>3,051,139</u>   |
| <b>25 FINANCE COST</b>  |  |                     |                    |
| Bank charges  |  | -                   | 139                |
|   |  | <u>-</u>            | <u>139</u>         |
| <b>26 TAXATION</b>  |  |                     |                    |
| Income tax:   |  |                     |                    |
| -Current  |  | 159,847             | 326,485            |
| -Prior  |  | -                   | 675                |
|   |  | <u>159,847</u>      | <u>327,160</u>     |
| <b>26.1</b>   | No numeric tax rate reconciliation is presented for the current and prior year as the company was either liable to pay tax under final tax regime or minimum tax regime under the provisions of the Income Tax Ordinance 2001. |                     |                    |
| <b>27 LOSS PER SHARE - BASIC AND DILUTED</b>                                    |  |                     |                    |
| Loss after taxation for the year-Rupees   |  | <u>(11,012,846)</u> | <u>(4,721,074)</u> |
| Weighted average number of ordinary shares outstanding during the year -Numbers |  | <u>10,000,000</u>   | <u>10,000,000</u>  |
| Loss per share-Rupees   |  | <u>(1.10)</u>       | <u>(0.47)</u>      |

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FAIRWAY SECURITIES (PVT) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

|  | Note | 2023            | 2022      |
|--|------|-----------------|-----------|
| <b>28 NUMBER OF EMPLOYEES</b>                |      |                 |           |
|  |      | ( N u m b e r ) |           |
| Total number of employees at the end of year |      | <u>11</u>       | <u>13</u> |
| Average number of employees during the year  |      | <u>12</u>       | <u>13</u> |

**29 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive and directors of the company is as follows:

|   | 2023                    |                | 2022                    |                    |
|---|-------------------------|----------------|-------------------------|--------------------|
|   | Managerial Remuneration | No. of Persons | Managerial Remuneration | No. of Persons     |
|   | Rupees                  |                | Rupees                  |                    |
| Chief Executive                                   | 4,800,000               | 1              | 3,600,000               | 1                  |
| Director  | 600,000                 | 1              | 200,000                 | 1                  |
| <b>30 FINANCIAL INSTRUMENTS BY CATEGORY</b>       |                         |                | Rupees                  | Rupees             |
| <b>Financial assets and financial liabilities</b> |                         |                |                         |                    |
| <b>Financial assets</b>                           |                         |                |                         |                    |
| <b>Available for sale</b>                         |                         |                |                         |                    |
| Long term investment                              |                         |                | <u>8,646,064</u>        | <u>15,832,971</u>  |
| <b>Loans and receivables</b>                      |                         |                |                         |                    |
| Long term deposits                                |                         |                | 670,000                 | 670,000            |
| Trade debts                                       |                         |                | 459,937                 | 2,016,092          |
| Cash and bank balances                            |                         |                | <u>203,517,754</u>      | <u>203,494,151</u> |
|   |                         |                | <u>205,322,691</u>      | <u>206,180,243</u> |
| <b>Financial liabilities</b>                      |                         |                |                         |                    |
| <b>Financial liabilities at amortized cost</b>    |                         |                |                         |                    |
| Trade and other payables                          |                         |                | 7,555,004               | 3,451,517          |
| Loan from banking company                         |                         |                | 125,206,876             | 125,206,876        |
| Loan from related parties                         |                         |                | 23,464,202              | 23,566,627         |
| Markup on short term borrowings                   |                         |                | <u>20,120,972</u>       | <u>20,120,972</u>  |
|   |                         |                | <u>176,347,054</u>      | <u>172,345,992</u> |

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**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**31 CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of better presentation. Following major reclassifications have been made during the year:

| Nature                                 | Reclassification from component   | Reclassification to component  | 2023 Rupees | 2022 Rupees |
|--|---|--------------------------------|-------------|-------------|
| <b>STATEMENT OF FINANCIAL POSITION</b> |   |                                |             |             |
| Directors' loan - subordinated         | Long term loan from Chief Executive   | Directors' loan - subordinated | 16,000,000  | 16,000,000  |
| Auditors' remuneration payable         | Deposits, accrued liabilities and advances  | Trade and other payables       | 50,000      | -           |
| Accrued expenses                       | Deposits, accrued liabilities and advances  | Trade and other payables       | 7,214,546   | 3,047,808   |
| Advance income tax                     | Trade deposits, short term prepayments and current account balance with statutory authorities | Tax refund due from Government | 1,669,803   | 1,447,188   |

**32 EVENTS AFTER THE END OF THE REPORTING DATE**

There are no events after balance sheet date that would require any disclosure (2022: same).

**33 GENERAL**

Figures have been rounded off to the nearest of rupee.

**34 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

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**CHIEF EXECUTIVE**



  
**DIRECTOR**