



INDEPENDENT AUDITOR'S REPORT

To the members of Gazipura Securities & Services (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Gazipura Securities & Services (Private) Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2021** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (the financial statements), and we state that we have obtained all the information and explanation 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, 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 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, 2021** and of the profit or loss and other comprehensive income or loss, 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.

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

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 misstatements, 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 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including 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 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Javaid Qasim.

Dated:
Karachi

06 SEP 2021



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	Rupees 2021	Rupees 2020
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	329,000	389,518
Intangible assets	5	2,750,000	2,750,000
Long term investment - <i>at fair value through other comprehensive income</i>	6	15,866,730	15,866,730
Long term deposits and advances	7	13,081,704	13,082,704
		32,027,434	32,088,952
CURRENT ASSETS			
Trade receivables	8	97,204	1,753,254
Short term investments	9	446,565,136	322,123,420
Advances, deposits & other receivables	10	40,462,435	39,422,142
Bank balances	11	39,233,798	106,983,536
		526,358,574	470,282,352
TOTAL ASSETS		558,386,007	502,371,304
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital		170,000,000	170,000,000
17,000,000 (2020: 17,000,000) ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up capital	12	170,000,000	170,000,000
Reserves		387,246,126	332,224,348
		557,246,126	502,224,348
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses & other liabilities	13	1,139,881	146,954
		1,139,881	146,954
CONTINGENCIES AND COMMITMENTS			
	14	-	-
TOTAL EQUITY AND LIABILITIES		558,386,007	502,371,304

The annexed notes from 1 to 32 form an integral part of these financial statements.


Chief Executive


Director

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	Rupees 2021	Rupees 2020
REVENUE			
Operating revenue	15	7,370,463	6,665,005
Capital gain / (loss) on disposal of securities		26,568,076	3,118,622
Unrealised gain on remeasurement of investment at fair value - through profit or loss		15,061,196	12,115,390
		<u>48,999,734</u>	<u>21,899,017</u>
Administrative expenses	16	(8,580,214)	(7,022,743)
Finance cost	17	(8,979)	(17,437)
		<u>(8,589,192)</u>	<u>(7,040,180)</u>
Operating profit		40,410,542	14,858,838
Other income	18	3,217,579	21,247,689
		<u>43,628,121</u>	<u>36,106,526</u>
Profit before taxation		43,628,121	36,106,526
Taxation	19	(2,023,961)	(3,239,853)
		<u>41,604,161</u>	<u>32,866,672</u>
Profit after taxation		41,604,161	32,866,672
Earnings per share - basic	19.1	<u>2.45</u>	<u>1.93</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.


Chief Executive


Director

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

Note	Rupees 2021	Rupees 2020
Profit after taxation	41,604,161	32,866,672
<u>Other comprehensive gain/(loss) for the year</u>		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain /(loss) on remeasurement of investment - At fair value - through other comprehensive income	13,417,617	(3,351,701)
Total comprehensive income for the year	55,021,778	29,514,971

The annexed notes from 1 to 32 form an integral part of these financial statements.


 Chief Executive


 Director

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Notes	Rupees 2021	Rupees 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	43,628,121	36,106,526
Add/(less) : Items not involved in movement of fund:		
Depreciation	60,518	72,252
Capital gain on sale of securities	(26,568,076)	(3,118,622)
Unrealised gain on remeasurement of investment at fair value - through profit or loss	(15,061,196)	(12,115,390)
Finance costs	8,979	17,437
	(41,559,775)	(15,144,322)
Cash generated from operating activities before working capital changes	2,068,346	20,962,204
Net change in working capital	(a) 1,008,179	(11,088,706)
	3,076,526	9,873,499
Taxes paid	(1,423,457)	(3,800,834)
Finance costs paid	(8,979)	(17,437)
Net cash generated from operating activities	1,644,091	6,055,227
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(8,000)
Short term investments	(167,994,427)	(258,298,409)
Proceeds from treasury bills	98,599,598	-
Long term deposit	1,000	(139,800)
Net cash used in investing activities	(69,393,829)	(258,446,209)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	(67,749,738)	(252,390,982)
Net (decrease) / increase in cash and cash equivalents	106,983,536	359,374,518
Cash and cash equivalent at beginning of the year	-	-
Cash and cash equivalent at end of the year	11 39,233,798	106,983,536
(a) Statement of change in working capital		
(Increase) / decrease in current assets		
Trade receivables	1,656,050	1,230,503
Advances, deposits & other receivables	(1,640,797)	(12,114,964)
	15,253	(10,884,461)
Increase / (decrease) in current Liabilities		
Accrued expenses & other liabilities	992,927	(204,245)
Net change in working capital	1,008,179	(11,088,706)

The annexed notes from 1 to 32 form an integral part of these financial statements.


Chief Executive


Director

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	<i>Reserves</i>			Sub Total	Total
	Issued, subscribed & paid up capital	Unappropriated profit	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income		
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 2019	170,000,000	292,038,814	10,670,563	302,709,377	472,709,377
Profit for the year	-	32,866,672	-	32,866,672	32,866,672
Loss on remeasurement of investment at fair value - through other comprehensive income - net	-	-	(3,351,701)	(3,351,701)	(3,351,701)
Balance as at June 30, 2020	170,000,000	324,905,487	7,318,862	332,224,348	502,224,348
Profit for the year	-	41,604,161	-	41,604,161	41,604,161
Gain on remeasurement of investment at fair value - through other comprehensive income - net	-	-	13,417,617	13,417,617	13,417,617
Balance as at June 30, 2021	170,000,000	366,509,648	20,736,479	387,246,126	557,246,126

The annexed notes from 1 to 32 form an integral part of these financial statements.


 Chief Executive


 Director

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Gazipura Securities & Services (Private) Limited (the Company) was incorporated in March 13, 2006 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 736-737, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. The Company is a Trading Right Certificate Holder of the Pakistan Stock Exchange Limited.

1.2 Impact of COVID-19 pandemic

A novel strain of corona virus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various business. The lockdown however excluded companies involved in the business of supplying necessary consumer goods and rendering essential services. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by IASB and provisions of and directives issued under the Companies Act 2017. In case requirements differ, the provision or directives of the Companies Act, 2017 shall prevail. Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivatives and investments. Statement of cash flow has been presented on cash basis.

2.3 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 Pakistani Rupee, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 the revision and future periods if the revision affects both current and future periods.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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 the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income in the profit and loss account.

Depreciation is charged to profit and loss account applying the reducing balance method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

3.2 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses, if any however, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss using reducing balance method over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.2.1 Trading Right Entitlement Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet 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.

3.2.2 Pakistan Mercantile Exchange - Membership card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

3.2.3 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

3.3 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expenses when incurred.

3.4 Financial Instruments

3.4.1 Initial Measurement of financial assets

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL), and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its applicable.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified the statement of profit or loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at authorized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

3.4.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'At Fair Value - Through Profit or Loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.5 Impairment

3.5.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial assets has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised 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 expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.5.2 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an assets or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized to the statement of profit or loss.

3.6 Derecognition

3.6.1 Financial assets

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

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.6.2 Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

3.7 Investments

Investment in shares of listed companies are classified as "At Fair Value - Through Profit or Loss" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Net gains and losses are recognized in statement profit or loss.

3.8 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

3.9 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.10 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL) Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.11 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.13 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends and transfers are approved.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.15 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. Trade payables in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.16 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in statement of comprehensive income respectively.

i) Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ii) Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.17 Provisions

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

3.18 Foreign currency transactions and translation

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

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.19 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. Revenue is recognized on the following basis:

- Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided.
- Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- 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 mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.
- Other/miscellaneous income is recognized on receipt basis.
- Income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expenses.

3.20 Operating and administrative expenses

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the financial statements.

3.21 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.22 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share 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.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Office equipments	Computer & allied	Furniture & fixtures	Vehicles	Total
	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>
<u>Net carrying value basis</u>					
Year ended June 30, 2021					
Opening net book value (NBV)	150,153	13,938	21,485	203,943	389,518
Additions (at cost)	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	(22,523)	(4,181)	(3,223)	(30,591)	(60,518)
Closing net book value (NBV)	127,630	9,756	18,262	173,352	329,000
<u>Gross carrying value basis</u>					
As at June 30, 2021					
Cost	464,228	1,903,178	144,450	1,147,720	3,659,576
Accumulated depreciation	(336,598)	(1,893,422)	(126,188)	(974,368)	(3,330,576)
	127,630	9,756	18,262	173,352	329,000
<u>Net carrying value basis</u>					
Year ended June 30, 2020					
Opening net book value (NBV)	176,650	19,911	17,276	239,933	453,770
Additions (at cost)	-	-	8,000	-	8,000
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	(26,498)	(5,973)	(3,791)	(35,990)	(72,252)
Closing net book value (NBV)	150,153	13,938	21,485	203,943	389,518
<u>Gross carrying value basis</u>					
As at June 30, 2020					
Cost	464,228	1,903,178	144,450	1,147,720	3,659,576
Accumulated depreciation	(314,076)	(1,889,240)	(122,965)	(943,777)	(3,270,058)
Net book value (NBV)	150,153	13,938	21,485	203,943	389,518
Depreciation Rates (%)	15	30	15	15	

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2021	Rupees 2020
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5 INTANGIBLE ASSETS

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Pakistan Mercantile Exchange Limited - Membership card		250,000	250,000
		2,750,000	2,750,000

- 5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. TREC has been recognized at cost less accumulated impairment losses.

6 LONG TERM INVESTMENT

At fair value through other comprehensive income

Unquoted

Shares of LSE Financial Services Limited		15,866,730	15,866,730
Gain on remeasurement of investment at fair value - through other comprehensive income		-	-
	6.1	15,866,730	15,866,730

- 6.1 This represents the investment in 843,975 unquoted ordinary shares of M/s. LSE Financial Services Limited at fair value of Rs. 18.80/- (2020: 18.80/-) per ordinary share against a cost of Rs. 10 per ordinary share.

7 LONG TERM DEPOSITS AND LOANS

LSE Financial Services Limited	480,000	480,000
National Clearing Company of Pakistan Limited	1,600,000	1,600,000
Central Depository Company of Pakistan Limited	100,000	100,000
Pakistan Mercantile Exchange Limited	750,000	750,000
Deposit against office at Pakistan Mercantile Exchange Limited	5,000,000	5,000,000
Loan to staff	5,151,704	5,152,704
	13,081,704	13,082,704

8 TRADE RECEIVABLES

Receivable from National Clearing Company of Pakistan Limited	97,204	1,753,254
	97,204	1,753,254

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2021	Rupees 2020
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9 SHORT TERM INVESTMENT

Investment at fair value through profit & loss

Listed equity securities

Unrealised gain on remeasurement of investment at fair value

Market value as at June 30, 2021

	407,382,502	202,038,309
	15,061,196	12,115,390
9.1	422,443,698	214,153,699

Investment at fair value through other comprehensive income

Shares of Pakistan Stock Exchange Limited

Unrealised gain / (loss) on remeasurement of investment at fair value

Market value as at June 30, 2021

	10,703,821	14,055,522
	13,417,617	(3,351,701)
9.2	24,121,438	10,703,821

Investment at amortized cost

Investment in treasury bills

- **97,265,900**

GRAND TOTAL

446,565,136 322,123,420

9.1 Investment at fair value through profit & loss

2021	2020	Symbol	Name of Investee	2021	2020
Number of shares	Number of shares			Market value in Rupees	
35,000	-	ASL	AISHA STEEL LIMITED	871,850	-
162,000	-	ATRL	ATTOCK REFINERY LIMITED	41,544,900	-
692,000	-	BYCO	BYCO PETROLEUM PAKISTAN LIMITED	8,034,120	-
-	100,000	EFERT	ENGRO FERTILIZERS LIMITED	-	6,028,000
392,500	387,500	DGKC	DG KHAN CEMENT	46,283,600	33,065,375
-	171,000	FFL	FAUJI FOOD LIMITED	-	1,615,950
470,000	-	FFBL	FAUJI FERTILIZER BIN QASIM LIMITED	12,412,700	-
337,000	-	GGL	GHANI GLOBAL HOLDINGS LIMITED	16,728,680	-
1,993,500	350,000	HASCOL	HASCOL PETROLEUM LIMITED	17,801,955	4,760,000
1,110,000	-	HUMNL	HUM NETWORK LIMITED	8,902,200	-
-	102,500	ISL	INTERNATIONAL STEELS LIMITED	-	5,294,125
299,000	-	KAPCO	KOT ADDU POWER COMPANY LIMITED	13,260,650	-
843,975	843,975	LSEFSL	LSE FINANCIAL SERVICES LIMITED-FREEZE	-	-
895,500	1,242,500	MLCF	MAPLE LEAF CEMENT FACTORY LIMITED	42,070,590	32,280,150
-	50,000	NCL	NISHAT (CHUNIAN) LIMITED	-	1,622,500
77,500	-	NML	NISHAT MILLS LIMITED	7,230,750	-
924,000	1,916,500	PAEL	PAK ELEKTRON LIMITED	32,395,440	43,945,345
1,975,000	745,000	PIBTL	PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED	22,475,500	6,556,000
328,000	-	PPL	PAKISTAN PETROLEUM LIMITED	28,480,240	-
521,759	521,759	PSX	PAKISTAN STOCK EXCHANGE LIMITED	11,640,443	5,165,414
100,000	174,500	SSGC	SUI SOUTHERN GAS COMPANY LIMITED	1,330,000	2,327,830
-	777,000	BOP	BANK OF PUNJAB	-	6,526,800
-	1,005,000	NBP	NATIONAL BANK OF PAKISTAN	-	27,788,250
516,000	1,316,500	TRG	TRG PAKISTAN LIMITED	85,826,280	37,177,960
565,000	-	UNITY	UNITY FOODS LIMITED	25,153,800	-
12,237,734	9,703,734			422,443,698	214,153,699

9.2 Investment at fair value through other comprehensive income

2021	2020	Symbol	Name of Investee	2021	2020
Number of shares	Number of shares			Market value in Rupees	
1,081,194	1,081,194	PSX	PAKISTAN STOCK EXCHANGE LIMITED	24,121,438	10,703,821
1,081,194	1,081,194			24,121,438	10,703,821
13,318,928	10,784,928		GRAND TOTAL	446,565,136	224,857,520

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2021	Rupees 2020
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9.3 Shares having market value of **Rs. 76,717,056** /- (2020: 36,871,235/-) are pledged as security with PSX and NCCPL for the purpose of base minimum capital and exposure requirements.

10 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advance payment of tax
Exposure deposit
Staff loan

10.1	7,810,008	8,410,512
	32,252,427	30,611,630
	400,000	400,000
	40,462,435	39,422,142

10.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market.

11 BANK BALANCES

Cash at bank
- at current accounts
- at savings accounts

11.1	3,631,771	6,329,041
	35,602,027	100,654,495
	39,233,798	106,983,536

11.1 *Bank balance pertains to:*

Clients
Brokerage House

-	-
39,233,798	106,983,536
39,233,798	106,983,536

11.2 The return on these balances is 7% to 13% (2020: 6% to 13%) per annum on daily product basis.

12 ISSUED, SUBSCRIBED & PAID-UP-CAPITAL

2021	2020		2021	2020
Number of shares				
2,001,000	2,001,000	Ordinary shares of Rs. 10 each fully paid in cash	20,010,000	20,010,000
14,999,000	14,999,000	Ordinary shares of Rs. 10 each issued for consideration other than in cash	149,990,000	149,990,000
	-	Ordinary shares of Rs.10/- each issued as fully paid bonus shares		-
17,000,000	17,000,000		170,000,000	170,000,000

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2021	Rupees 2020
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12.1 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.

12.2 Pattern of shareholding

Pattern of shareholding has been disclosed in note 27 of these financial statements.

13 ACCRUED EXPENSES & OTHER LIABILITIES

Accrued expenses	100,000	14,310
Other liabilities	-	132,644
Payable to clearing house	1,039,881	-
	<u>1,139,881</u>	<u>146,954</u>

14 CONTINGENCIES AND COMMITMENTS

There were no outstanding contingencies and commitments during the year. (2020 : Nil)

15 OPERATING REVENUE

Dividend income	<u>7,370,463</u>	<u>6,665,005</u>
	<u>7,370,463</u>	<u>6,665,005</u>

16 ADMINISTRATIVE EXPENSES

Staff salaries & allowances		4,033,450	3,811,865
Director remuneration	16.1	300,000	300,000
Rent, rates and taxes		594,207	835,090
Telephone & fax		280,336	213,781
Entertainment		95,990	104,970
Service & transaction charges		1,632,784	529,921
Repair & maintenance		102,950	56,730
Auditors' remuneration	16.2	265,000	265,000
Legal & professional		130,200	38,160
Printing and stationery		16,320	16,975
Fees & subscription		458,085	286,627
Computer & software expenses		180,550	254,500
Depreciation		60,518	72,252
Miscellaneous expenses		429,823	236,870
		<u>8,580,214</u>	<u>7,022,742</u>

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

16.1 Remuneration of Chief Executive and Director

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	300,000	-	-	300,000	-	-
Company's contribution to the Provident Fund	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	300,000	-	-	300,000	-	-
Number of person (including those who worked part of the year)	1	-	-	1	-	-

16.2 Auditors' remuneration

Audit services

Annual audit fee

Certifications

125,000	125,000
70,000	70,000
195,000	195,000

Non-audit services

Other services

70,000	70,000
70,000	70,000
265,000	265,000

17 FINANCE COST

Bank charges

8,979	17,437
8,979	17,437

18 OTHER INCOME

From financial assets

Profit on exposure deposit

Profit on savings accounts

1,151,641	1,706,417
2,065,938	19,541,272
3,217,579	21,247,689

19 TAXATION

Current

Prior

2,023,023	6,950,644
938	(3,710,791)
2,023,961	3,239,853

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Rupees 2021	Rupees 2020
19.1 Relationship between income tax expense and accounting profit		
Profit before taxation	43,628,121	36,106,527
Tax at the applicable tax rate of 29% (2020 : 29%)	12,652,155	10,470,893
Tax effect of income taxed at lower tax rates	(8,536,552)	(933,098)
Tax effect of exempt income	(4,367,747)	(3,513,463)
Tax effect of non deductible expenses	2,275,166	926,312
Tax effect of prior year	938	(3,710,791)
	2,023,961	3,239,853

19.2 The income tax returns of the Company have been filed up to tax year 2020 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

20 EARNINGS PER SHARE- BASIC & DILUTED

20.1 Basic earnings per share

Profit after taxation	41,604,161	32,866,673
Number of shares at the end of the year	17,000,000	17,000,000
	2.45	1.93

20.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Financial instruments by category

21.1.1 Financial assets

	2021			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term investment	-	15,866,730	-	15,866,730
Long term loans, advances & deposits	-	-	13,081,704	13,081,704
Trade receivables	-	-	97,204	97,204
Short term investments	422,443,698	24,121,438	-	446,565,136
Short term deposits, advances & other receivables	-	-	40,462,435	40,462,435
Cash and bank balances	-	-	39,233,798	39,233,798
	422,443,698	39,988,168	92,875,141	555,307,008

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

2020				
	At fair value through profit or loss	at fair value through other comprehensive income	At amortised cost	Total
Long term investment	-	15,866,730	-	15,866,730
Long term loans, advances & deposits	-	-	13,082,704	13,082,704
Short term investments	214,153,699	10,703,821	97,265,900	322,123,420
Trade receivables	-	-	1,753,254	1,753,254
Short term deposits, advances & other receivables	-	-	39,422,142	39,422,142
Cash and bank balances	-	-	106,983,536	106,983,536
	214,153,699	26,570,551	258,507,536	499,231,786

21.1.2 Financial Liabilities

2021			
	Amortised cost	At fair value through profit or loss	Total
Accrued expenses and other liabilities	1,139,881	-	1,139,881
	1,139,881	-	1,139,881

2020			
	Amortised cost	At fair value through profit or loss	Total
Accrued expenses and other liabilities	146,954	-	146,954
	146,954	-	146,954

22 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk
- Operational risk

22.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is not exposed to interest rate risk.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. 44,656,514/-** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

22.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

202					
Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
(Rupees)					
Financial liabilities					
Accrued expenses and other liabilities	1,139,881	1,139,881	1,139,881	1,139,881	-
	1,139,881	1,139,881	1,139,881	1,139,881	-

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	2020					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----						
Financial liabilities						
Accrued expenses & other liabilities	146,954	146,954	146,954	146,954	-	-
	146,954	146,954	146,954	146,954	-	-

22.3 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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2021	Rupees 2020
Long term investment	15,866,730	15,866,730
Long term loans, advances & deposits	13,081,704	13,082,704
Short term investments	446,565,136	322,123,420
Trade receivables	97,204	1,753,254
Short term deposits, advances & other receivables	40,462,435	39,422,142
Cash and bank balances	39,233,798	106,983,536
	555,307,008	499,231,786

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

A1+

Rupees 2021	Rupees 2020
39,233,798	359,374,518
39,233,798	359,374,518

22.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

22.5 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Financial assets

		2021			
		Level 1	Level 2	Level 3	Total
<i>At fair value through profit and loss</i>					
Listed securities		422,443,698	-	-	422,443,698
		422,443,698	-	-	422,443,698
<i>At fair value- through other comprehensive income</i>					
Investment in shares of Pakistan Stock Exchange Limited		24,121,438	-	-	24,121,438
Investment in shares of LSE Financial Services Limited		-	-	15,866,730	15,866,730
		24,121,438	-	15,866,730	39,988,168
		2020			
		Level 1	Level 2	Level 3	Total
<i>At fair value through profit and loss</i>					
Listed securities		214,153,699	-	-	214,153,699
		214,153,699	-	-	214,153,699
<i>At fair value- through other comprehensive income</i>					
Investment in shares of Pakistan Stock Exchange Limited		10,703,821	-	-	10,703,821
Investment in shares of LSE Financial Services Limited		-	-	15,866,730	15,866,730
		10,703,821	-	15,866,730	26,570,551
<i>At amortized cost</i>					
Investment in Treasury bills		-	97,265,900	-	97,265,900
		-	97,265,900	-	97,265,900

23 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

24 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at 30 June 2021 are located in Pakistan.

25 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

26 NUMBER OF EMPLOYEES

	2021	2020
Total employees of the Company at the year end	9	5
Average employees of the Company during the year	7	5

27 PATTERN OF SHAREHOLDING

Name of shareholders	2021		2020	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Mrs. Bilquis	16,996,823	99.981%	16,996,823	99.981%
Muhammad Saleem	3,177	0.019%	3,177	0.019%
	17,000,000	100%	17,000,000	100%

28 CAPITAL ADEQUACY LEVEL

	June 30, 2021
Total Assets	558,386,007
Less: Total Liabilities	(1,139,881)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)	
Capital Adequacy Level	28.1
	557,246,126

28.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2021, as determined by Pakistan Stock Exchange has been considered.

29 NET CAPITAL BALANCE

Net Capital Balance of the Company, as at June 30, 2021, in accordance with the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan is Rs 419,626,316/-. The Statement of Net Capital Balance is enclosed as Annexure A-I.

30 LIQUID CAPITAL BALANCE

Liquid Capital Balance of the Company, as at June 30, 2021, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is Rs. 417,085,632/-. The Statement of Liquid Capital is enclosed as Annexure A-II.

31 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company as at

06 SEP 2021

32 GENERAL

32.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

32.2 Figures have been rounded off to the nearest rupee.


Chief Executive


Director

Gazipura Securities & Services (Private) Limited
Statement of Net Capital Balance (Annexure I)
As at June 30, 2021

(Annexure I)

DESCRIPTION	VALUATION BASIS	Note	Sub Total	Total (Rupees)
<u>Current Assets</u>				
Bank balances and cash deposit	As per book value	2		71,486,225
Trade Receivables	Book Value	3	-	
	Less: Overdue for more than fourteen days		-	
	From clearing house		97,204	97,204
Investments in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	4	410,803,255 61,620,488	349,182,767
Securities purchased for clients	Securities purchased for the client and held by the broker where the payment has not been received within fourteen days	5		-
Listed TFCs / Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan.	Marked to Market less 10% discount			-
FIBs	Marked to Market less 5% discount			-
Treasury Bill	At market value			-
Any other current asset specified by the Commission	As per the valuation basis determined by the Commission			-
TOTAL ASSETS				420,766,197
<u>Current Liabilities</u>				
Trade payables	Book Value		-	
	Less: Overdue for more than 30 days	6	-	-
Other liabilities	As classified under the generally accepted accounting principles	7		1,139,881
				1,139,881
NET CAPITAL BALANCE				419,626,316

The annexed notes 1 to 7 form an integral part of the statement.

Gazipura Securities & Services (Private) Limited
Notes to the Statement of Net Capital Balance

1 STATEMENT OF COMPLIANCE

The statement of net capital balance of the Company ("the Statement") has been prepared in accordance with the requirements as contained in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

The statement is prepared specifically to meet the above mentioned requirements and for submission to the Pakistan Stock Exchange, National Clearing Company of Pakistan Limited and the Securities and Exchange Commission of Pakistan. As a result, the statement may not be suitable for another purpose.

2 BANK BALANCES AND CASH DEPOSITS

(Rupees)

These are stated at book value.

Cash in hand

-

Bank balance pertaining to:

Brokerage house

JS Bank Limited	15,895
MCB Bank Limited LSE Branch	53,183
Bank Al Falah Limited	45,694
MCB Bank Limited KSE Branch PLS	33,495,199
MCB Bank Limited KSE Branch 4982-3	3,304,351
Askari Bank Limited	39,563
National Bank of Pakistan	37,477
Faysal Bank Limited	43,995
Habib Metropolitan Bank	2,007,374
Faysal Bank Limited	184,521
	39,227,253

Clients

MCB Bank Limited	6,545
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Deposits against exposure

Ready market	-
Future market and loss	32,252,427
MTS exposure margin	-
	32,252,427

Total Cash and Bank Balances

71,486,225

3 TRADE RECEIVABLES

These are stated at book value and classified as balance generated within 14 days and outstanding for more than 14 days

Gazipura Securities & Services (Private) Limited
Notes to the Statement of Net Capital Balance

4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These includes tradeable listed securities at market value less discount at 15%

5 SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

6 TRADE PAYABLES

These represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.

7 OTHER LIABILITIES

These represents current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

The break up as per trial balance is as follows:

Accrued expenses	100,000
Payable to clearing house	1,039,881
Total	<u>1,139,881</u>

Gazipura Securities & Services (Private) Limited
Statement of Liquid Capital
As on June 30, 2021

(Annexure II)

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	329,000	(329,000)	-
1.2	Intangible Assets	2,750,000	(2,750,000)	-
1.3	Investment in Govt. Securities (150,000*99)			
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
1.4	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	410,803,255	(64,161,172)	346,642,083
	ii. If unlisted, 100% of carrying value.	15,866,730	(15,866,730)	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
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.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	7,930,000	(7,930,000)	-
1.9	Margin deposits with exchange and clearing house.	32,252,427	-	32,252,427
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	-	-	-
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.			
	Amounts receivable against Repo financing.			
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	400,000	(400,000)	-
	ii. Receivables other than trade receivables	5,151,704	(5,151,704)	-
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains	97,204		97,204
	claims on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	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. Lower of net balance sheet value or value determined through adjustments.			
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value.			
	ii. Net amount after deducting haircut	-	-	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,			
1.17	iii. Net amount after deducting haircut			
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.			
	iv. Balance sheet value	-	-	-

3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
Foreign exchange agreements and foreign currency positions				
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO			
Repo adjustment				
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
Concentrated proprietary positions				
3.8	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	-	-	-
Opening Positions in futures and options				
3.9	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 securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	i. Incase 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. Incase 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	Total Ranking Liabilites	-	-	-
	Liquid Capital	513,674,237	-	417,085,632

Nasir Javaid Maqsood Imran
Chartered Accountants

Client : Gazipura Securities & Services (Private) Limited
Period : For the Period of July 01, 2020 to June 30, 2021

Purpose: To verify that the Income tax expense is recorded correctly

Source: General Ledger, Financial Statements, Tax certificates

Nature: Recalculation

Timing: Within 3 months of Balance sheet date.

37,156,118

9,842,176

1,305,624

8,536,552

HEAD OF ACCOUNTS	TOTAL	NTR	FTR
PERCENTAGE OF TOTAL INCOME		8.66%	91.34%
CAPITAL GAIN ON DISPOSAL OF SECURITIES	26,568,076	-	26,568,076
DIVIDEND INCOME	7,370,463	-	7,370,463
PROFIT ON EXPOSURE DEPOSIT	1,151,641	1,151,641	-
PROFIT ON DEPOSIT IN SAVINGS ACCOUNT	2,065,938	2,065,938	-
	37,156,118	3,217,579	33,938,539

OPERATING EXPENSES AND FINANCE COST	8,589,192		
LESS: ACCOUNTING DEPRECIATION	-		
LESS: ACCOUNTING AMORTIZATION	-		
LESS: ALLOWANCE FOR EXPECTED CREDIT LOSS	-		
LESS: DONATION	-		
ADD: TAX DEPRECIATION	-		
ADD: INITIAL ALLOWANCE ON ADDITION	-		
ADD: TAX AMORTIZATION	-		
TAXABLE EXPENSES	8,589,192	743,791	7,845,401
TAXABLE INCOME		2,473,788	26,093,138

INCOME FROM PROPERTY

RENT INCOME	-		
LESS: 1/5th OF RENT FOR REPAIRS	-		
NORMAL TAXABLE INCOME (INCOME FROM BUSINESS + INCOME FROM PROPERTY)		2,473,788	

CALCULATION OF TAX LIABILITY

	TAXABLE AMOUNT		TAX AMOUNT
TAX PAYABLE @ 29%-NTR	2,473,788	29.00%	717,398
TAX ON BROKERAGE COMMISSION RECEIVED FROM INSTITUTIONS - MTR			
TAXABLE INCOME ATTRIBUTABLE TO COMMISSION EARNED FROM INSTITUTIONS (W1)	-		-
AVERAGE RATE OF TAX (W2)	29%		-
MINIMUM TAX OF 12% ON COMMISSION RECEIVED FROM INSTITUTIONS	-		-
DIFFERENCE OF MINIMUM TAX CHARGEABLE			-
TAX ON CAPITAL GAIN ON DISPOSAL OF SHARES OF LISTED COMPANIES	-		-
TAX ON CAPITAL GAIN ON DISPOSAL OF SECURITIES	1,333,700	15%	200,055
TAX ON DIVIDEND INCOME	7,370,463		1,105,569
TAX CHARGEABLE BEFORE ADJUSTMENT OF TAX CREDITS			2,023,023
LESS: TAX CREDIT FOR CHARITABLE DONATIONS u/s. 61			-
TAX CHARGEABLE AFTER ADJUSTMENT OF TAX CREDITS		A	2,023,023