

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, I am pleased to present our report together with the audited financial statement of the Company for the year June 30, 2022.

Performance Overview

The following depicts the Company's performance in the current year.

	Rupees
Operating revenue	4,745,078
Operating expenses	(59,816,915)
Operating loss	(55,071,837)
Other income	5,499,033
Loss before taxation	(49,572,804)
Taxation	(1,266,118)
Loss after taxation	(50,838,922)

Loss per share

Loss per share for the year ended 30th June 2022 was Rs. **(5.08)**

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors which badly effected the profitability of the company and eventually PSX Index closed at 41,540 as at June 30, 2022. Moreover, higher inflation and interest rates are likely to keep the equities market under pressure during next year.

Dividend:

The Directors do not recommended any dividend during the year due to cash flow requirement during next financial year.

External Auditors

The retiring auditors, M/s. Nasir Javaid Maqsood Imran., Chartered Accountants, being eligible, have offered themselves for reappointment

Dated:

Director

Chief Executive

GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

Note	Rupees 2022	Rupees 2021
ASSETS		
NON-CURRENT ASSETS		
Property & equipment	4 278,187	329,000
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 13,534,704	13,081,704
	32,429,621	32,027,434
CURRENT ASSETS		
Trade receivables	8 106,837	97,204
Short term investments	9 343,425,314	446,565,136
Advances, deposits & other receivables	10 15,455,608	40,462,435
Bank balances	11 22,162,874	39,233,798
	381,150,633	526,358,574
TOTAL ASSETS	413,580,254	558,386,007
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorized Capital		
17,000,000 (2021: 17,000,000) ordinary shares of Rs. 10/- each	170,000,000	170,000,000
Issued, subscribed and paid-up capital	12 50,000,000	170,000,000
Reserves	323,346,380	387,246,126
	373,346,380	557,246,126
LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses & other liabilities	13 40,233,873	1,139,881
	40,233,873	1,139,881
CONTINGENCIES AND COMMITMENTS	14 -	-
TOTAL EQUITY AND LIABILITIES	413,580,253	558,386,007

The annexed notes from 1 to 31 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, 2022

	Note	Rupees 2022	Rupees 2021
REVENUE			
Operating revenue	15	7,982,531	7,370,463
Capital gain on disposal of securities		464,337	26,568,076
Unrealised (loss) / gain on remeasurement of investment at fair value - through profit or loss		(3,701,789)	15,061,196
		<u>4,745,078</u>	<u>48,999,734</u>
Administrative expenses	16	(59,758,796)	(8,580,214)
Finance cost	17	(58,119)	(8,979)
		<u>(59,816,915)</u>	<u>(8,589,192)</u>
Operating (loss) / profit		<u>(55,071,837)</u>	<u>40,410,542</u>
Other income	18	5,499,033	3,217,579
		<u>(49,572,804)</u>	<u>43,628,121</u>
(Loss) / profit before taxation		<u>(49,572,804)</u>	<u>43,628,121</u>
Taxation	19	(1,266,118)	(2,023,961)
		<u>(50,838,922)</u>	<u>41,604,161</u>
(Loss) / profit after taxation		<u>(50,838,922)</u>	<u>41,604,161</u>
(Loss) / earnings per share - basic	20.1	<u>(5.08)</u>	<u>2.45</u>

The annexed notes from 1 to 31 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, 2022

Note	Rupees 2022	Rupees 2021
(Loss) / profit after taxation	(50,838,922)	41,604,161
<u>Other comprehensive (loss) / income for the year</u>		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised (loss) / gain on remeasurement of investment - At fair value - through other comprehensive income	(13,060,823)	13,417,617
Total comprehensive (loss) / income for the year	<u>(63,899,745)</u>	<u>55,021,778</u>

The annexed notes from 1 to 31 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, 2022

Notes	Rupees 2022	Rupees 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(49,572,804)	43,628,121
Add/(less) : Items not involved in movement of fund:		
Depreciation	50,813	60,519
Capital gain on sale of securities	-	(26,568,076)
Unrealised loss / (gain) on remeasurement of investment at fair value - through profit or loss	-	(15,061,196)
Finance costs	58,119	8,979
	108,932	(41,559,775)
Cash (used in) / generated from operating activities before working capital changes	(49,463,872)	2,068,346
Net change in working capital	(a) 64,853,468	1,008,180
	15,389,596	3,076,527
Taxes paid	(2,028,401)	(1,423,457)
Finance costs paid	(58,119)	(8,979)
Long term deposit	(453,000)	1,000
Net cash generated from operating activities	12,850,076	1,645,091
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of / (payment for purchase of) investment in securities of listed companies	186,724,199	(167,994,427)
(Payment for purchase of) / proceeds from disposal of treasury bills	(96,645,200)	98,599,598
Net cash used in investing activities	90,078,999	(69,394,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of share capital	(120,000,000)	-
Net cash used in financing activities	(120,000,000)	-
Net decrease in cash and cash equivalents	(17,070,924)	(67,749,738)
Cash and cash equivalent at beginning of the year	39,233,798	106,983,536
Cash and cash equivalent at end of the year	11 22,162,874	39,233,798
<u>(a) Statement of change in working capital</u>		
(Increase) / decrease in current assets		
Trade receivables	(9,633)	1,656,050
Advances, deposits & other receivables	25,769,109	(1,640,797)
	25,759,476	15,253
Increase / (decrease) in current Liabilities		
Accrued expenses & other liabilities	39,093,992	992,927
Net change in working capital	64,853,468	1,008,180

The annexed notes from 1 to 31 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, 2022

	<i>Reserves</i>				Total
	Issued, subscribed & paid up capital	Unappropriated profit	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income	Sub Total	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
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	366,509,649	20,736,479	387,246,126	557,246,126
Reduction of share capital	(120,000,000)			-	(120,000,000)
Loss for the year	-	(50,838,922)	-	(50,838,922)	(50,838,922)
Loss on remeasurement of investment at fair value - through other comprehensive income - net	-	-	(13,060,823)	(13,060,823)	(13,060,823)
Balance as at June 30, 2022	50,000,000	315,670,727	7,675,656	323,346,380	373,346,380

The annexed notes from 1 to 31 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.

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 to 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 the statement of profit or loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized 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, 2022					
Opening net book value (NBV)	127,630	9,756	18,262	173,352	329,000
Additions (at cost)	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	(19,145)	(2,927)	(2,739)	(26,003)	(50,813)
Closing net book value (NBV)	108,486	6,829	15,523	147,349	278,187
<u>Gross carrying value basis</u>					
As at June 30, 2022					
Cost	464,228	1,903,178	144,450	1,147,720	3,659,576
Accumulated depreciation	(355,743)	(1,896,349)	(128,927)	(1,000,371)	(3,381,389)
	108,486	6,829	15,523	147,349	278,187
<u>Net carrying value basis</u>					
Year ended June 30, 2021					
Opening net book value (NBV)	150,153	13,938	21,485	203,943	389,519
Additions (at cost)	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	(22,523)	(4,181)	(3,223)	(30,591)	(60,519)
Closing net book value (NBV)	127,630	9,757	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)
Net book value (NBV)	127,630	9,756	18,262	173,352	329,000
Depreciation Rates (%)	15	30	15	15	

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

Notes	Rupees 2022	Rupees 2021
-------	----------------	----------------

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	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 value of Rs. 18.80/- (2021: 18.80/-) 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	650,000	750,000
Deposit against office at Pakistan Mercantile Exchange Limited	5,000,000	5,000,000
Loan to staff	5,704,704	5,151,704
	13,534,704	13,081,704

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

Notes	Rupees 2022	Rupees 2021
-------	----------------	----------------

8 TRADE RECEIVABLES

Receivable from National Clearing Company of Pakistan Limited	106,837	97,204
	106,837	97,204

9 SHORT TERM INVESTMENT

Investment at fair value through profit & loss

Listed equity securities	239,421,288	407,382,502
Unrealised gain on remeasurement of investment at fair value	(3,701,789)	15,061,196
Market value as at June 30, 2022	235,719,499	422,443,698

Investment at fair value through other comprehensive income

Shares of Pakistan Stock Exchange Limited	24,121,438	10,703,821
Unrealised gain / (loss) on remeasurement of investment at fair value	(13,060,823)	13,417,617
Market value as at June 30, 2022	11,060,615	24,121,438

Investment at amortized cost

Investment in treasury bills	96,645,200	-
------------------------------	------------	---

GRAND TOTAL

343,425,314	446,565,136
--------------------	--------------------

9.1 Shares having market value of Rs. 49,807,784/- (2021: 76,717,056/-) 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	8,572,291	7,810,008
Exposure deposit	6,419,308	32,252,427
Profit on exposure deposit receivable	464,010	
Staff loan	-	400,000
	15,455,608	40,462,435

10.1

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

Notes	Rupees 2022	Rupees 2021
-------	----------------	----------------

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

	8,974,384	3,631,771
11.1	13,188,490	35,602,027
	22,162,874	39,233,798

11.1 *Bank balance pertains to:*

Clients

Brokerage House

	-	-
	22,162,874	39,233,798
	22,162,874	39,233,798

11.2 The return on these balances is 6% to 10% (2021: 7% to 13%) per annum on daily product basis.

12 ISSUED, SUBSCRIBED & PAID-UP-CAPITAL

2022	2021			
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
(12,000,000)	-	Reduction of capital	(120,000,000)	-
5,000,000	17,000,000		50,000,000	170,000,000

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.

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

12.2 The members in their Extra Ordinary General Meeting, held on September 03, 2019, had resolved to reduce paid-up capital of the Company from Rs. 170 million (17 million ordinary shares of Rs. 10 each) to Rs. 50 million (5 million ordinary shares of Rs. 10 each). Such reduction has been effected by reducing the paid-up capital of the Company by Rs. 120 million and cancelling 12 million ordinary shares of the Company. The reduction of capital was carried out pursuant to the provisions of section 89, 92 & 93 of the Companies Act, 2017 and was confirmed by the High Court of Sindh at Karachi on December 02, 2021.

Notes	Rupees 2022	Rupees 2021
-------	----------------	----------------

13 ACCRUED EXPENSES & OTHER LIABILITIES

Accrued expenses	100,000	100,000
Other liabilities	120	-
Payable to director	40,000,000	-
Payable to clearing house	133,753	1,039,881
	40,233,873	1,139,881

14 CONTINGENCIES AND COMMITMENTS

There were no outstanding contingencies and commitments during the year. (2021 : Nil)

15 OPERATING REVENUE

Dividend income	7,982,531	7,370,463
	7,982,531	7,370,463

16 ADMINISTRATIVE EXPENSES

Staff salaries & allowances		4,694,093	4,033,450
Director remuneration	16.1	300,000	300,000
Rent, rates and taxes		603,643	594,207
Utilities and communication		237,776	280,336
Entertainment		84,180	95,990
Service & transaction charges		1,313,138	1,632,784
Repair & maintenance		103,520	102,950
Auditors' remuneration	16.2	290,000	265,000
Legal & professional		396,700	130,200
Insurance		17,500	-
Printing and stationery		7,500	16,320
Fees & subscription		331,115	458,085
Donation	16.3	50,000,000	-
Computer & software expenses		889,500	180,550
Depreciation		50,813	60,518
Miscellaneous expenses		439,318	429,823
		59,758,796	8,580,214

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

16.1 Remuneration of Chief Executive and Director

	2022			2021		
	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

150,000	125,000
70,000	70,000
220,000	195,000

Non-audit services

Other services

70,000	70,000
70,000	70,000
290,000	265,000

16.3 Donations

Donations to following organizations and trusts exceed Rs. 1,000,000

Dawat-e-Islami Foundation

Saylani Welfare Trust

25,000,000	-
25,000,000	-
50,000,000	-

17 FINANCE COST

Bank charges

58,119	8,979
58,119	8,979

18 OTHER INCOME

From financial assets

Profit on exposure deposit

Profit on savings accounts

2,162,696	1,151,641
3,336,337	2,065,938
5,499,033	3,217,579

19 TAXATION

Current

Prior

1,266,118	2,023,023
-	938
1,266,118	2,023,961

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

Rupees 2022	Rupees 2021
----------------	----------------

19.1 Relationship between income tax expense and accounting profit

(Loss) / profit after taxation

(49,572,804) 43,628,121

Tax at the applicable tax rate of 29% (2021 : 29%)

(14,376,113) 12,652,155

Tax effect of income taxed at lower tax rates

(1,211,900) (8,536,552)

Tax effect of exempt income

(134,658) (4,367,747)

Tax effect of non deductible expenses

18,420,424 2,275,166

Tax effect of prior year

- 938

Tax effect of minimum tax

58,883 -

Others

(1,490,518) -

1,266,118 2,023,961

19.2 The income tax returns of the Company have been filed up to tax year 2021 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 (LOSS) / EARNINGS PER SHARE- BASIC & DILUTED

20.1 Basic (loss) / earnings per share

(Loss) / profit after taxation

(50,838,922) 41,604,161

Weighted average number of ordinary shares outstanding during the year

10,000,000 17,000,000

(5.08) 2.45

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, 2022 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

	2022			
	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	-	-	13,534,704	13,534,704
Trade receivables			106,837	106,837
Short term investments	235,719,499	11,060,615	96,645,200	343,425,314
Short term deposits, advances & other receivables	-	-	15,455,608	15,455,608
Cash and bank balances	-	-	22,162,874	22,162,874
	235,719,499	26,927,345	147,905,224	410,552,067

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

	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
Short term investments	422,443,698	24,121,438	-	446,565,136
Trade receivables	-	-	97,204	97,204
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

21.1.2 Financial Liabilities

	2022		
	Amortised cost	At fair value through profit or loss	Total
Accrued expenses and other liabilities	40,233,873	-	40,233,873
	40,233,873	-	40,233,873

	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

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. 24,678,011/-** 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.

	2022					
	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	40,233,873	40,233,873	40,233,873	40,233,873	-	-
	40,233,873	40,233,873	40,233,873	40,233,873	-	-

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

2021

Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----					
Accrued expenses & 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	-

Financial liabilities

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	13,534,704	13,081,704
Short term investments	343,425,314	446,565,136
Trade receivables	106,837	97,204
Short term deposits, advances & other receivables	15,455,608	40,462,435
Cash and bank balances	22,162,874	39,233,798
	410,552,067	555,307,008

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 2022	Rupees 2021
22,162,874	359,374,518
22,162,874	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

	2022			Total
	Level 1	Level 2	Level 3	
<i>At fair value through profit and loss</i>				
Listed securities	235,719,499	-	-	235,719,499
	235,719,499	-	-	235,719,499
<i>At fair value- through other comprehensive income</i>				
Investment in shares of Pakistan Stock Exchange Limited	11,060,615	-	-	11,060,615
Investment in shares of LSE Financial Services Limited	-	-	15,866,730	15,866,730
	11,060,615	-	15,866,730	26,927,345
<i>At amortized cost</i>				
Investment in Treasury bills	96,645,200	-	-	96,645,200
	96,645,200	-	-	96,645,200

	2021			Total
	Level 1	Level 2	Level 3	
<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

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 2022 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 <u>NUMBER OF EMPLOYEES</u>	2022	2021
Total employees of the Company at the year end	12	9
Average employees of the Company during the year	11	7

27 PATTERN OF SHAREHOLDING

Name of shareholders	2022	2021	2022	2021
	Number of Shares		Percentage of Holding	
Mrs. Bilquis	4,999,065	16,996,823	99.981%	99.981%
Muhammad Saleem	935	3,177	0.019%	0.019%
	5,000,000	17,000,000	100%	100%

28 CAPITAL ADEQUACY LEVEL

	June 30, 2022
Total Assets	413,580,254
Less: Total Liabilities	(40,233,873)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)	-
Capital Adequacy Level	28.1
	373,346,381

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, 2022, as determined by Pakistan Stock Exchange has been considered.

29 LIQUID CAPITAL BALANCE

Liquid Capital Balance of the Company, as at June 30, 2022, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is **Rs. 267,178,211/-**. The Statement of Liquid Capital is enclosed as **Annexure A-I**.

30 AUTHORIZATION FOR ISSUE

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

31 GENERAL

31.1 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.

31.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Gazipura Securities & Services (Private) Limited
Statement of Liquid Capital
As on June 30, 2022

(Annexure I)

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	278,187	(278,187)	-
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.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	96,645,200	(9,664,520)	86,980,680
	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.	230,381,905	(38,639,521)	191,742,384
	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.	-	-	-
	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			
	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.	7,830,000	(7,830,000)	-
1.9	Margin deposits with exchange and clearing house.	6,419,308	-	6,419,308
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.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	ii. Receivables other than trade receivables	5,704,704	(5,704,704)	-
	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	106,837		106,837
	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. In case receivables are against margin trading, 5% of the net balance sheet value.	-	-	-
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	-	-	-

	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	-	-	-
	v. Lower of net balance sheet value or value determined through adjustments			
	vi. 100% haircut in the case of amount receivable form related parties.	-		
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	22,162,874	-	22,162,874
	ii. Bank balance-customer accounts	-	-	-
	iii. Cash in hand	-	-	-
	Total cash and bank balances	22,162,874		22,162,874
1	Total Assets	388,145,744		307,412,083

2. Liabilities

	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-		-
	ii. Payable against leveraged market products			
	iii. Payable to customers	-	-	-
	Current Liabilities			
	i. Statutory and regulatory dues			
2.2	ii. Accruals and other payables	40,233,873	-	40,233,873
	iii. Short-term borrowings	-		-
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities	-		-
	vii. Provision for bad debts			
	viii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements	-		-
	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
2.3	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital	-	-	-
	b. Boad of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements			
	Subordinated Loans			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2	Total Liabilities	40,233,873		40,233,873

3. Ranking Liabilities Relating to :

3.1	Concentration in Margin Financing The amount calculated client-to- client basis by which any amount receivable from any of the finacees exceed 10% of the aggregate of amounts receivable from total finacees.	-	-	-
3.2	Concentration in securites lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments (a) in the case of right issue : if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments			
	Negative equity of subsidiary			

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 postions 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	347,911,871	-	267,178,210

Nasir Javaid Maqsood Imran
Chartered Accountants

Client : Gazipura Securities & Services (Private) Limited
Period : For the Period of July 01, 2021 to June 30, 2022

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.

13,945,900 2,449,592
1,197,380
1,252,212

HEAD OF ACCOUNTS	TOTAL	NTR	FTR
PERCENTAGE OF TOTAL INCOME		39.43%	60.57%
CAPITAL GAIN ON DISPOSAL OF SECURITIES	464,337	-	464,337
DIVIDEND INCOME	7,982,531	-	7,982,531
PROFIT ON EXPOSURE DEPOSIT	2,162,696	2,162,696	-
PROFIT ON DEPOSIT IN SAVINGS ACCOUNT	3,336,337	3,336,337	-
	13,945,900	5,499,033	8,446,868

OPERATING EXPENSES AND FINANCE COST	59,816,915		
LESS: ACCOUNTING DEPRECIATION	(50,813)		
LESS: ACCOUNTING AMORTIZATION	-		
LESS: ALLOWANCE FOR EXPECTED CREDIT LOSS	-		
LESS: DONATION	(50,000,000)		
ADD: TAX DEPRECIATION	50,813		
ADD: INITIAL ALLOWANCE ON ADDITION	-		
ADD: TAX AMORTIZATION	-		
TAXABLE EXPENSES	9,816,915	8,870,925	945,990
TAXABLE INCOME		(3,371,893)	7,500,878

INCOME FROM PROPERTY

RENT INCOME	-		
LESS: 1/5th OF RENT FOR REPAIRS	-		
NORMAL TAXABLE INCOME (INCOME FROM BUSINESS + INCOME FROM PROPERTY)		(3,371,893)	

CALCULATION OF TAX LIABILITY

	TAXABLE AMOUNT		TAX AMOUNT
TAX PAYABLE @ 29%-NTR	5,499,033	1.25%	68,738
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	-		-
TAX ON DIVIDEND INCOME	7,982,531		1,197,380
TAX CHARGEABLE BEFORE ADJUSTMENT OF TAX CREDITS			1,266,118
LESS: TAX CREDIT FOR CHARITABLE DONATIONS u/s. 61			-
TAX CHARGEABLE AFTER ADJUSTMENT OF TAX CREDITS		A	1,266,118
LESS: TAX DEDUCTED AT SOURCE			
ADVANCE TAX PAID ON TELEPHONE BILLS			-
TAX WITHHELD ON DIVIDEND INCOME			1,197,380
ADVANCE TAX PAID ON ELECTRICITY BILLS			-
ADVANCE TAX PAID ON INTERNET			-
TAX WITHHELD ON PROFIT ON EXPOSURE DEPOSIT			324,404
TAX WITHHELD ON CAPITAL GAIN ON DISPOSAL OF SECURITIES			-
TAX WITHHELD ON PROFIT ON BANKS			498,516
TAX WITHHELD ON COMMISSION FROM INSTITUTIONS			-
		B	2,020,301
INCOME TAX REFUNDABLE		A-B	(754,183)