

Value Stock and Commodities (Private) Limited

Statement of Financial Position

As at December 31, 2021

		As at December 31 2021	As at June 30 2021
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property and equipment		29,034,682	12,228,556
Intangible assets	8	3,750,000	3,750,000
Long-term investment	9	19,605,539	19,605,539
Long term deposits	10	9,077,975	3,094,545
Deferred tax-net		4,596,440	6,262,645
		66,064,636	44,941,285
Current assets			
Trade debts	11	972,762	8,989,056
Advances-considered good	12	2,081,818	1,378,113
Trade deposits and other receivables	13	31,260,296	19,614,638
Advance income tax	14	2,860,859	1,954,154
Short-term investments		98,451,408	69,542,856
Cash and bank balances	15	17,919,891	30,475,987
		153,547,035	131,954,805
		219,611,671	176,896,091
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	16	150,000,000	150,000,000
Issued, subscribed and paid up share capital	16	100,000,000	100,000,000
Appreciation / (deficit) on remeasurement of investments classified at FVOCI		(4,958,962)	(4,958,962)
Accumulated losses		(256,051)	(4,922,329)
		94,784,988	90,118,710
Non-current liabilities			
Liability against assets subject to finance lease	17	11,526,852	1,306,743
Current liabilities			
Current portion of non-current liabilities	18	1,325,652	1,224,252
Due to related parties	19	61,720,000	27,928,080
Accrued markup		213,995	213,995
Trade and other payables	20	46,270,555	54,240,627
Provision for taxation		3,769,628	1,863,683
		113,299,831	85,470,637
Contingencies and commitments			
	21	-	-
		124,826,683	86,777,381
		219,611,671	176,896,091

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

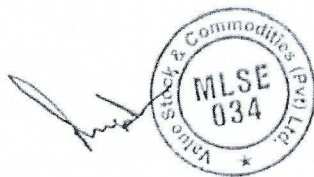


Director

Value Stock and Commodities (Private) Limited
Statement of Profit or Loss
For the year ended 31 December 2021

		As at December 31 2021	As at June 30 2021
	Note	-----Rupees-----	
Operating revenue	22	17,113,956	47,202,062
Operating and administrative expenses	23	(14,604,942)	(34,247,358)
Operating profit		2,509,014	12,954,704
Other operating income / (expense)	24	4,563,455	10,455,655
Finance cost	25	(500,246)	(1,055,786)
Profit before taxation		6,572,223	22,354,573
Income tax (expense) / credit	26	(1,905,945)	4,410,898
Profit after taxation		4,666,278	26,765,470

The annexed notes form an integral part of these financial statements.



Chief Executive Officer


Director

Value Stock and Commodities (Private) Limited

Statement of Comprehensive Income

For the year ended 31 December 2021

	As at December 31 2021	As at June 30 2021
	<i>Note</i>	
	----- (Rupees) -----	
Profit / (loss) for the year	4,666,278	26,765,470
Other comprehensive income		
<i>Items that will not be reclassified subsequently to statement of profit and loss</i>		
Unrealised appreciation during the year on remeasurement of investments classified at FVOCI	-	447,306
Total comprehensive profit / (loss) for the year	<u>4,666,278</u>	<u>27,212,776</u>

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Director

Value Stock and Commodities (Private) Limited

Statement of Cash Flows

For the year ended 31 December 2021

	As at December 31 2020	As at June 30 2020
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES	6,572,223	22,354,573
Profit before taxation		
Adjustments for non-cash and other items:		
Depreciation of property and equipment	8 29,491	987,229
Allowance for expected credit loss	13 95,430	-
Realized (gain) / loss on short term investments	24 -	(8,628,281)
Unrealized (gain) / loss on remeasurement of short term investments	24 -	(5,931,255)
Gain on sale of fixed assets	24 229,755	-
Finance cost	500,246	1,055,786
	854,921	(12,516,520)
	7,427,145	9,838,053
Operating profit / (loss) before working capital changes		
Changes in working capital:		
Trade debts	7,920,864	3,022,213
Advances-considered good	(703,705)	(475,113)
Trade deposits and other receivables	(11,645,658)	(3,942,718)
Trade and other payables	(7,970,072)	15,593,335
	(12,398,570)	14,197,716
	(4,971,425)	24,035,769
Cash generated from operations		
Interest paid	(500,246)	(1,068,865)
Income taxes paid	(906,705)	(1,328,715)
	(1,406,950)	(2,397,580)
	(6,378,375)	21,638,189
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	8 (17,920,657)	(4,747,482)
Proceeds from sale of operating fixed assets	1,314,755	-
Purchase of securities for short term investment	(27,701,819)	(181,918,876)
Long-term deposits	(5,983,430)	6,283,796
Net cash (used in)/from investing activities	(50,291,151)	(31,633,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loan	-	(11,273,491)
Settlement of / (obtained) finance lease	10,321,509	2,530,995
Obtained / (repayments) of due to related parties	33,791,920	27,928,080
Short-term borrowings-net	-	(42,681)
Net cash used in financing activities	44,113,429	19,142,903
Net increase/ (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	(12,556,097)	9,147,682
Cash and cash equivalents at the end of the year	30,475,987	21,328,304
	17,919,891	30,475,987

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Director

Value Stock and Commodities (Private) Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Issued, subscribed and paid up share capital	Capital reserves Unrealised appreciation on remeasurement of investments classified at FVOCI	Revenue reserves Accumulated losses	Total
	-----Rupees-----			
Balance as at 30 June 2020	100,000,000	(5,406,268)	(31,687,799)	62,905,933
Other comprehensive income for the year	-	447,306	-	447,306
Profit for the year	-	-	26,765,470	26,765,470
Balance as at 30 June 2021	100,000,000	(4,958,962)	(4,922,329)	90,118,709
Balance as at 01 July 2021	100,000,000	(4,958,962)	(4,922,329)	90,118,709
Other comprehensive income for the year	-	-	-	-
Profit for the year	-	-	4,666,278	4,666,278
Balance as at 31 December 2021	100,000,000	(4,958,962)	(256,051)	94,784,988

The annexed notes form an integral part of these financial statements.

Chief Executive Officer



Director

Value Stock and Commodities (Private) Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Value Stock and Commodities (Private) Limited (the "Company") was incorporated in Pakistan on March 30, 2006 as a Private Company under the repealed Companies Ordinance, 1984. The Company's registered office is situated at Room No. 114, South Tower, LSE Plaza, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

1.1 The geographical locations and addresses of company branches are as under:

Head Office: Room No. 114, South Tower, Lse Plaza, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore.
Faisalabad Branch: Room No. 520, 5th Floor state life Building, Civil Line, Faisalabad.
Gujranwala Branch: 29-b Near faiza-e-Madina Masjid, GT Road, Gujranwala.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

3 BASIS OF PREPARATION

3.1 Statement Of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS" or "IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017, provisions of or directives issued under the Companies Act, 2017, and Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations"). In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

3.2 New amended standards and interpretations

Standards, amendments to published standards and interpretations effective in current year

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

Effective date:

January 1, 2021

(a) IAS 1 & 8 Definition of material

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on April 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the Company:



Effective date:

June 1, 2020

(a) IFRS 16 Leases – Rent concessions

Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

Effective date:

January 1, 2022

(b) IAS 37 Onerous contracts

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

Effective date:

January 1, 2022

(c) IAS 16 Proceeds before an asset's intended use

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except:

- Investments in quoted equity securities (whether classified as financial assets measured at fair value through profit or loss, or through other comprehensive income or amortised cost) and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

6 USE OF ESTIMATES AND JUDGMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods in other cases. Judgments made by management in the application of approved accounting standards that may have a significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

6.1 Depreciation method, rates and useful lives of property and equipment

The management of the Company reassesses useful lives, depreciation method, and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from those items.



6.2 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

6.3 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

6.4 Expected credit losses

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

7.1 Property, plant and equipment

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair, maintenance and day-to-day servicing expenditures are charged to the profit and loss account during the year in which they are incurred.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in Note 8 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed off.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

7.2 Intangible assets

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit and loss account during the year in which the assets are disposed of.

7.3 Financial instruments

Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.



Financial assets

(i) Initial Measurement

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case maybe.

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 acquisition.

(ii) Subsequent Measurement

- **Debt Investments at FVOCI:** These assets are subsequently measured at fair value. Interest / mark-up 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.

- **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.

- **Financial assets at FVTPL:** These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in profit or loss.

- **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 / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

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.

De-recognition

(i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in 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 is reclassified to 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 profit or loss, but is transferred to statement of changes in equity.

(i) 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 liability derecognised and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.



Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7.4 Leases

For contracts entered into, or modified, on or after January 1, 2019; the Company assesses whether a contract contains a lease or not at the inception of a contract. The Company reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not to exercise that option.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

7.4.1 Company as a lessee

Recognition

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

Initial measurement

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).



Subsequent measurement

Lease liability

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

7.5 Impairment

7.5.1 Financial assets

The Company's financial assets that are subject to the impairment requirements of IFRS 9 are trade receivables, advisory and consultancy fee receivable.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all above mentioned financial assets. The Company measures expected credit losses in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

7.5.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount - defined as the higher of the asset's fair value less costs of disposal and the asset's value-in-use (present value of estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risk) - is estimated to determine the extent of the impairment loss.

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether there are any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the carrying amount of the asset (or CGU) that would have been determined (net of depreciation / amortization) had no impairment loss been recognized.

7.6 Trade debts and receivables

Financial assets

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

Trade debts and other receivables

Trade debts and other receivables are stated initially at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.



7.7 Income tax

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year. The charge for current tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated using rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only 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. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

The Company takes into account current income tax law and decisions taken by tax authorities. In instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the relevant amounts are disclosed as contingent liabilities.

7.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

7.9 Share capital

Ordinary shares are classified as equity and recognised at their face value.

7.10 Provisions

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

7.11 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

7.12 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

7.13 Revenue recognition

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

- Brokerage and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.



- Underwriting commission (if any) is recognized when the agreement is executed. Take-up commission is recognized at the time the commitment is fulfilled.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from marking to market financial assets classified as financial assets at fair value through profit or loss are included in profit and loss during the period in which they arise.
- Income / profit on exposure deposits is recognized using the effective interest rate.

7.14 Foreign currency transactions and translation

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

7.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.



8 INTANGIBLE ASSETS

		As at December 31 2021	As at June 30 2021
	Note	----Rupees----	
PSX Trading Rights Entitlement Certificate ("TREC")	8.1	2,500,000	2,500,000
Impairment on TREC		<u>2,500,000</u>	<u>2,500,000</u>
		1,250,000	1,250,000
PMEX Trading Rights Certificate		<u>3,750,000</u>	<u>3,750,000</u>

- 8.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. There is no active market for determination of value of TREC. TREC has been valued at notional value of Rupees 2.5 million notified in PSX Rule Book. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

		As at December 31 2021	As at June 30 2021
		----Rupees----	
9 LONG TERM INVESTMENT			
Unquoted Shares of LSE Financial Services Limited:			
Opening value as at 1st July 2021	9.1	19,605,539	19,158,233
Adjustment for remeasurement to fair value		<u>-</u>	<u>447,306</u>
Fair value at year-end		<u>19,605,539</u>	<u>19,605,539</u>

- 9.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 9.1, the Company received 843,975 shares of LSE Financial Services Limited. Of these, 60% (506,385 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company. These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by LSE Financial Services Limited (PKR 23.23 per share as at June 30, 2020). Remeasurement to fair value resulted in a Gain of PKR 447,306 (June 30, 2021: Gain of PKR 447,306). 337,590 shares having fair value PKR 7,842,216 of LSE Financial Services Limited are pledged with the PSX to meet BMC requirements.



		As at December 31 2021	As at June 30 2021
	Note	-----Rupees-----	
10 LONG TERM DEPOSITS			
Deposit for second LSE tower		5,000,000	-
Deposits for rooms in Faisalabad		1,000,000	-
CDC membership deposit		100,000	100,000
NCCPL membership deposit		200,000	200,000
Trading deposits with PMEX		609,175	625,745
Margin deposits with PSX		187,800	187,800
Security deposit with PMEX		750,000	750,000
DFC initiation deposit		1,000,000	1,000,000
Other security deposits		231,000	231,000
		<u>9,077,975</u>	<u>3,994,545</u>
11 TRADE DEBTS			
Trade receivables from customers against trading activities		972,762	8,795,772
Considered good	13.1 & 13.2	95,430	396,869
Considered doubtful	13.3	1,068,192	9,182,341
		<u>(95,430)</u>	<u>193,285</u>
Less: Allowance for expected credit loss	13.3	<u>972,762</u>	<u>8,989,056</u>
11.1	The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.		
13.2 Movement in allowance for expected credit loss			
Opening balance (as at July 1, 2021)		193,285	16,839,029
(Reversal) / charged during the year		<u>95,430</u>	<u>(16,645,744)</u>
Closing balance (as at December 31, 2021)		<u>288,715</u>	<u>193,285</u>
12 ADVANCES-Considered good			
Staff advances - unsecured		<u>2,081,818</u>	<u>1,378,113</u>
13 TRADE DEPOSITS AND OTHER RECEIVABLES			
Clearing House Deposits (Reg. & Future)		14,450,880	19,313,338
National clearing system payable		16,508,116	-
Other receivable		<u>301,300</u>	<u>301,300</u>
		<u>31,260,296</u>	<u>19,614,638</u>
14 ADVANCE INCOME TAX			
Opening balance		1,954,154	814,306
Collected / paid during the year		<u>906,705</u>	<u>1,328,715</u>
Adjusted against tax liabilities		<u>-</u>	<u>(188,867)</u>
		<u>2,860,859</u>	<u>1,954,154</u>
15 CASH AND BANK BALANCES			
Cash in hand		115,812	36,065
Cash at banks	18.1	<u>1,821,642</u>	<u>738,759</u>
Proprietary accounts	18.2	<u>15,982,437</u>	<u>29,701,163</u>
Client accounts		<u>17,804,079</u>	<u>30,439,922</u>
		<u>17,919,891</u>	<u>30,478,987</u>
16 SHARE CAPITAL			
16.1 Authorized capital			
150,000 (2020: 150,000) ordinary shares of PKR 1,000/- each.		<u>150,000,000</u>	<u>150,000,000</u>
16.2 Issued, subscribed and paid up share capital			
100,000 (2020: 100,000) ordinary shares of PKR 1,000/- each, issued for cash		<u>100,000,000</u>	<u>100,000,000</u>



As at December 31 2021 As at June 30 2021

Note

-----Rupees-----

16.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	Dec-21	Jun-21	Dec-21	Jun-21
Mr. Khurram Gulzar	33,300	33,300	33%	33%
Mr. Kamran Gulzar	33,300	33,300	33%	33%
Mr. Aman Ullah	33,300	33,300	33%	33%
	100,000	100,000	100%	100%

17 LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	12,852,504	2,530,995
Less: Current portion	(1,325,652)	(1,224,252)
	11,526,852	1,306,743

17.1 The Company has access to a lease finance facility from Dubai Islamic Bank Limited under the Islamic financing mode. The rentals against the facility are payable on monthly basis. The facility is secured against ownership of the leased vehicle in the name of Dubai Islamic Bank Limited.

18 CURRENT PORTION OF NON-CURRENT LIABILITIES

Liability against asset subject to finance lease	17	1,325,652	1,224,252
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19 DUE TO RELATED PARTIES

Mr. Khurram Gulzar	19.1	-	11,428,080
Mr. Kamran Gulzar	19.2	35,000,000	-
Mr. Aman Ullah	19.3	26,720,000	16,500,000
		61,720,000	27,928,080

19.1 It represents short-term, unsecured and interest free amount received from Mr Khurram Gulzar, CEO of the company, to meet the working capital requirement, which is repaid.

19.2 It represents short-term unsecured and interest free amount received from Mr Kamran Gulzar, a shareholder of the company, to meet the working capital requirement.

19.3 It represents short-term unsecured and interest free amount received from Mr Aman Ullah, a shareholder of the company, to meet the working capital requirement.

20 TRADE AND OTHER PAYABLES

Trade creditors	41,032,389	43,933,161
Withholding tax payable	29,688	174,070
Commission incentive payable	1,319,879	2,089,676
Accrued and other payables	3,888,600	4,776,354
National clearing system payable	-	3,267,367
	46,270,555	54,240,627

21 CONTINGENCIES AND COMMITMENTS

Commitments

There was no commitments of the company as at December 31, 2021 (June 30, 2021: Nil)

Contingencies

The details of cases by and against the company which are currently subject to the legal proceedings are detailed below:

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
RTO (corporate) Lahore	The FBR has issued a notice to the company u/s 161 in respect of tax year 2018. The notice referring to the matter, that as being a prescribed person under sub-section (7) of section 153 of Income Tax Ordinance, 2001, company is required to deduct tax at source while making payments	Value stock and commodities (pvt) Ltd. and Federal Board of Revenue.	February 25, 2019



As at December 31 2021 As at June 30 2021

-----Rupees-----

Note

against purchases and services rendered. However, company has submitted the reply in detail and compliance with the notice has been made within due date. The case is still pending and is subject to further consideration and management of the company is expecting favourable outcome.

RTO (corporate) Lahore The FBR has issued a showcause notice u/s 122(9) read with section 122(5) of income tax ordinance, 2001. The company was previously selected for audit under section 214C of income tax ordinance, 2001, by the commissioner inland revenue RTO, Lahore and require the submission of documents. The required documents have been submitted by the company and the matter is subject to hearing and pending.

Corporate Tax Office (CTO) Lahore The FBR has issued a showcause notice under Section 11(1) read with Section 26 and 33(1) of the Sales Tax Act, 1990. In this notice Assistant / Deputy, Commissioner has required the Company to file the Sales Tax Returns for the period (December 2016 and January 2017 to August

Value stock and commodities (pvt) Ltd. and Federal Board of Revenue.

Value stock and commodities (pvt) Ltd. and Federal Board of Revenue.

22 OPERATING REVENUE

Brokerage income
Income from services

15,229,487	43,678,884
1,884,468	3,523,178
17,113,956	47,202,062

23 OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, wages and benefits
Telephone, internet and other
Rent, rates and taxes
Printing and stationery
Postage and telephone
Travelling and conveyance
Legal and professional charges
Fee and subscription
Commission incentive expense
CDC / NCCPL / LSE charges
Provision for expected credit loss
Computer expenses
PMEX charges
Entertainment
Office expenses
Auditor's remuneration
Utilities
Charity & donation
Insurance
Miscellaneous expenses
Depreciation

7,914,389	16,281,076
165,778	277,303
130,458	391,077
58,950	119,978
79,539	138,867
380,243	69,840
372,835	952,340
235,668	442,500
1,840,212	7,004,873
1,188,748	1,342,821
95,430	-
116,710	287,596
65,725	103,025
300,804	336,383
600,772	1,261,052
-	300,000
190,940	645,438
-	1,840,000
115,310	303,168
722,940	1,162,792
29,491	987,229
14,604,942	34,247,358

24 OTHER OPERATING INCOME / (EXPENSE)

Income from financial assets
Dividend income
Profit on deposits with banks
Mark up on exposure deposits
PMEX trading gain
Gain / (loss) on investments held for trading - unrealized
Gain / (loss) on investments held for trading - realized
Balances written off

3,897,078	815,783
436,623	755,870
-	765,185
-	-
-	5,931,255
-	8,628,281
-	(23,086,464)



	As at December 31 2021	As at June 30 2021
	-----Rupees-----	
Reversal of provision for expected credit loss	-	16,645,744
Income from non-financial asset		
Profit on sale of fixed assets	229,755	-
	<u>4,563,455</u>	<u>10,455,655</u>
25 FINANCE COST		
Mark-up on bank borrowings	-	895,158
Mark-up on lease finance facility	478,482	121,298
Bank charges	21,764	39,329
	<u>500,246</u>	<u>1,055,786</u>
26 GENERAL		
Amounts have been rounded off to the nearest rupee, unless otherwise stated.		
27 AUTHORIZATION		
These financial statements were authorized for issue on <u>31.12.21</u> by the Board of Directors of the Company.		

Chief Executive Officer



Director