


Value Stock and Commodities (Private) Limited
Statement of Financial Position
As at December 31, 2022

		As at December 31, 2022	As at June 30, 2022
	Note	Report	Report
ASSETS			
Non-current assets			
Property and equipment		20,519,662	20,573,652
Intangible assets	8	3,756,000	3,756,000
Long-term investment	9	20,466,394	20,466,394
Long-term deposits	10	4,493,971	3,454,534
Deferred tax asset		12,442,406	12,399,259
		72,723,434	78,603,819
Current assets			
Trade debts	11	6,365,734	1,430,790
Advances-considered good	12	1,444,583	2,036,818
Trade deposits and other receivables	13	7,578,667	21,475,681
Advance income tax	14	1,110,257	715,944
Short-term investments	15	53,241,944	63,583,394
Cash and bank balances	16	8,762,145	12,248,734
		78,903,331	101,491,361
		<u>151,626,765</u>	<u>180,095,180</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	17	150,000,000	150,000,000
Issued, subscribed and paid up share capital	17	100,000,000	100,000,000
Appreciation / (deficit) on remeasurement of investments classified as FVOCI		(4,347,755)	(4,347,754)
Accumulated profit / (losses)		29,178,613	23,049,350
		124,830,859	118,701,596
Non-current liabilities			
Liability against assets subject to finance lease	18	2,117,517	5,839,302
Current liabilities			
Current portion of non-current liabilities		6,500,171	4,962,721
Due to related parties	19	-	19,720,000
Accrued markup		-	-
Trade and other payables	20	18,178,218	30,871,561
		24,678,389	55,554,282
Contingencies and commitments	21	-	-
		26,795,906	61,393,584
		<u>151,626,765</u>	<u>180,095,180</u>

The annexed notes from 1 to 27 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 period ended December 31, 2022

		As at December 31, 2022	As at June 30, 2022
	Note	-----Rupees-----	
Operating revenue	22	18,320,718	34,016,341
Operating and administrative expenses	23	(16,009,737)	(36,071,238)
Operating profit / (loss)		2,310,981	(2,054,897)
Other operating income	24	7,196,880	25,892,121
Finance cost	25	(875,097)	(1,293,133)
Profit before taxation		8,632,764	22,544,091
Income tax (expense) / credit	26	(2,503,502)	5,427,587
Profit after taxation		6,129,263	27,971,678

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Executive Officer



Director

Value Stock and Commodities (Private) Limited
Statement of Comprehensive Income
For the period ended December 31, 2022

	As at December 31, 2022	As at June 30, 2022
Note	----- (Rupees) -----	
Profit for the period	6,129,263	27,971,678
Other comprehensive income		
<i>Items that will not be reclassified subsequently to statement of profit and loss</i>		
Unrealised appreciation during the period on remeasurement of investments classified at FVOCI- net of deferred tax	-	611,207
Total comprehensive profit for the year	6,129,263	28,582,885

The annexed notes from 1 to 27 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 period ended December 31, 2022

	Issued, subscribed and paid up share capital	Capital reserves Unrealised appreciation on remeasurement of investments classified at FVOCI	Revenue reserves Accumulated profit / (losses)	Total
	-----Rupees-----			
Balance as at 01 July, 2021	100,000,000	(4,958,962)	(4,922,329)	90,118,709
Other comprehensive income for the year	-	611,207	-	611,207
Profit for the year	-	-	27,971,678	27,971,678
Balance as at 30 June, 2022	<u>100,000,000</u>	<u>(4,347,755)</u>	<u>23,049,350</u>	<u>118,701,594</u>
Balance as at 01 July, 2022	100,000,000	(4,347,755)	23,049,350	118,701,594
Other comprehensive income for the period	-	-	-	-
Profit for the period	-	-	6,129,263	6,129,263
Balance as at 31 December, 2022	<u>100,000,000</u>	<u>(4,347,755)</u>	<u>29,178,613</u>	<u>124,830,859</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Executive Officer



Director

Value Stock and Commodities (Private) Limited
Statement of Cash Flows
For the period ended December 31, 2022

		As at December 31, 2,022	As at June 30, 2022
Note		(Rupees)	
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before taxation	8,632,764	22,544,091
	Adjustments for non-cash and other items:		
	Depreciation of property and equipment	-	3,917,757
11	Allowance for expected credit loss	118,549	16,648
	Unrealized (gain) / loss on remeasurement of short term investments	-	(19,609,170)
	Gain on sale of fixed assets	-	(508,352)
25	Finance cost	875,097	1,293,133
		993,646	(14,889,985)
	Operating profit / (loss) before working capital changes	9,626,411	7,654,107
	Changes in working capital:		
	Trade debts	(5,053,493)	7,541,618
11	Advances-considered good	192,235	(658,705)
12	Trade deposits and other receivables	13,897,013	(1,861,043)
13	Trade and other payables	(12,693,343)	(23,369,066)
20		(3,657,588)	(18,347,196)
	Cash generated from operations	5,968,823	(10,693,089)
	Interest paid	(875,097)	(1,507,128)
	Income taxes paid	(3,980,983)	(1,544,127)
		(4,856,080)	(3,051,255)
	Net cash generated from operating activities	1,112,743	(13,744,344)
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	-	(30,839,502)
	Proceeds from sale of operating fixed assets	8,002,990	1,085,000
	Purchase of securities for short term investment-net	10,341,450	25,568,632
10	Long-term deposits	(1,039,437)	(359,989)
	Net cash (used in)/from investing activities	17,305,002	(4,545,858)
	CASH FLOWS FROM FINANCING ACTIVITIES		
	Repayment of long-term loan	-	-
	Settlement of / (obtained) finance lease	(2,184,335)	8,271,028
	Obtained / (repayments) of due to related parties	(19,720,000)	(8,208,080)
	Short-term borrowings-net	-	-
	Net cash used in financing activities	(21,904,335)	62,948
	Net increase/ (decrease) in cash and cash equivalents	(3,486,590)	(18,227,254)
	Cash and cash equivalents at the beginning of the year	12,248,734	30,475,987
16	Cash and cash equivalents at the end of the year	8,762,144	12,248,734

The annexed notes from 1 to 27 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 period ended December 31, 2022

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 faizan-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 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, 2021 and have not been early adopted by the Company:

- | | |
|--|------------------------|
| | Effective date: |
| (a) IAS 37 Onerous contracts | January 1, 2022 |
| 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: |
| (b) IAS 16 Proceeds before an asset's intended use | June 1, 2022 |
| 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. | |
| | Effective date: |
| (c) IAS 1 Classification of liabilities as current or non current | January 1, 2023 |
| Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. | |



(d) **IAS 1 Disclosure of accounting policies**

Effective date:

January 1, 2023

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(e) **IAS 1 Disclosure of accounting policies**

Effective date:

January 1, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(f) **IAS 1 Disclosure of accounting policies**

Effective date:

January 1, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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

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

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

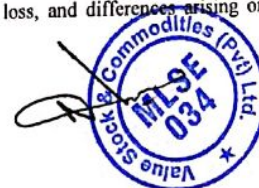
Current

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



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 mutually agreed prices duly approved by the Board.



8 INTANGIBLE ASSETS

		As at December, 31 2022	As at June, 30 2022
	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>
PMEX Trading Rights Certificate		<u>1,250,000</u>	<u>1,250,000</u>
		<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.

9 LONG TERM INVESTMENT

		As at December, 31 2022	As at June, 30 2022
		----Rupees----	
Unquoted Shares of LSE Financial Services Limited:			
Opening value as at 1st July 2022	9.1	20,466,394	19,605,539
Adjustment for remeasurement to fair value		-	860,855
Fair value at year-end		<u>20,466,394</u>	<u>20,466,394</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 24.25 per share as at June 30, 2022). Remeasurement to fair value resulted in a Gain of PKR 860,855 (2021: Gain of PKR 447,306).

337,590 shares having fair value PKR 8,186,558 of LSE Financial Services Limited are pledged with the PSX to meet BMC requirements.



		As at December, 31 2022	As At June, 30 2022
	Note	-----Rupees-----	
10 LONG TERM DEPOSITS			
CDC membership deposit		100,000	100,000
NCCPL membership deposit		200,000	200,000
Trading deposits with PMEX		960,171	340,734
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		1,296,000	876,000
		<u>4,493,971</u>	<u>3,454,534</u>
11 TRADE DEBTS			
Trade receivables from customers against trading activities			
Considered good	11.1	6,365,734	1,430,790
Considered doubtful	11.2	328,482	209,933
		<u>6,694,216</u>	<u>1,640,723</u>
Less: Allowance for expected credit loss	11.2	328,482	209,933
		<u>6,365,734</u>	<u>1,430,790</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.		
11.2	Movement in allowance for expected credit loss		
Opening balance (as at July 1, 2022)		209,933	193,285
(Reversal) / charged during the period		118,549	16,648
Closing balance (as at December 31, 2022)		<u>328,482</u>	<u>209,933</u>
12 ADVANCES-Considered good			
Staff advances - unsecured		<u>1,844,583</u>	<u>2,036,818</u>
13 TRADE DEPOSITS AND OTHER RECEIVABLES			
Clearing House Deposits (Reg. & Future)		6,013,338	17,013,338
National clearing system payable		1,071,592	
Margin trading system (MTS) receivable		-	4,147,831
Other receivable		493,737	314,512
		<u>7,578,667</u>	<u>21,475,681</u>
14 ADVANCE INCOME TAX			
Opening balance		715,944	90,471
Collected / paid during the period		394,312	1,544,127
		<u>1,110,256</u>	<u>1,634,598</u>
Adjusted against tax liabilities		-	(918,654)
		<u>1,110,257</u>	<u>715,944</u>
14.1	Income tax assessments of the Company are deemed to be finalized as per tax returns filed up to tax year 2022. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities.		



15 SHORT TERM INVESTMENTS

At fair value through profit or loss

Quoted securities as at July 01, 2022

Movement during the period in fair value

Quoted securities as at December 31, 2022

63,583,394	69,542,856
(10,341,450)	(5,959,462)
<u>53,241,944</u>	<u>63,583,394</u>

16 CASH AND BANK BALANCES

Cash in hand

46,655

8,382

Cash at banks

Proprietary accounts

Client accounts

16.1

2,377,557	2,185,963
6,337,933	10,054,389
8,715,490	12,240,352
<u>8,762,145</u>	<u>12,248,734</u>

16.1 Clients' funds are segregated from the Company's own funds and held in designated bank accounts.

17 SHARE CAPITAL

17.1 Authorized capital

150,000 (2021: 150,000) ordinary shares of PKR 1,000/- each.

150,000,000

150,000,000

17.2 Issued, subscribed and paid up share capital

100,000 (2021: 100,000) ordinary shares of PKR 1,000/- each, issued for cash

100,000,000

100,000,000

17.3 Shareholders holding 5% or more of total shareholding

Mr. Khurram Gulzar

Mr. Kamran Gulzar

Mr. Aman Ullah

Number of Shares		Percentage	
Dec-22	Jun-22	Dec-22	Jun-22
33,300	33,300	33%	33%
33,300	33,300	33%	33%
33,300	33,300	33%	33%
<u>100,000</u>	<u>100,000</u>	<u>100%</u>	<u>100%</u>

18 LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE

Present value of minimum lease payments

18.1

8,617,688

10,802,023

Less: Current portion

(6,500,171)

(4,962,721)

2,117,517

5,839,302

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

19 DUE TO RELATED PARTIES

Mr Aman Ullah

19.1

-

19,720,000

-

19,720,000

19.1 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	12,707,863	14,745,487
Withholding tax payable	61,923	63,311
Commission incentive payable	778,523	717,348
Accrued and other payables	4,630,219	3,545,833
National clearing system payable		1,699,474
	<u>18,178,518</u>	<u>30,871,561</u>

21 CONTINGENCIES AND COMMITMENTS**Commitments**

There was no commitments of the company as at December 31, 2022 (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 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.	Value stock and commodities (pvt) Ltd. and Federal Board of Revenue.	February 25, 2019
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 2017).	Value stock and commodities (pvt) Ltd. and Federal Board of Revenue.	January 28, 2021

22 OPERATING REVENUE

Brokerage income	16,089,720	30,303,735
Income from services	2,230,998	3,712,606
	<u>18,320,718</u>	<u>34,016,341</u>

23 OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	8,792,162	16,920,966
Telephone, internet and other	211,069	345,095
Rent, rates and taxes	143,502	271,786
Printing and stationery	64,729	102,266
Postage and telephone	44,008	176,804
Travelling and conveyance	327,000	772,225



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

239,920	200,895
175,025	350,068
1,628,835	4,093,984
1,401,530	2,595,632
118,549	16,648
55,990	298,323
95,125	65,725
270,848	537,042
1,031,674	1,313,776
-	428,570
380,559	530,059
15,000	2,106,000
226,458	401,989
787,754	1,526,529
-	3,917,757
<u>16,009,737</u>	<u>36,071,238</u>

24 OTHER OPERATING INCOME / (EXPENSE)

Income from financial assets

Dividend income	6,280,607	7,968,039
Profit on deposits with banks	916,273	917,169
Mark up on exposure deposits	-	806,803
Gain / (loss) on investments held for trading - unrealized	-	19,609,170
Gain / (loss) on investments held for trading - realized	-	(4,157,412)
Balances written off	-	-
Reversal of provision for expected credit loss	-	-

Income from non-financial asset

Profit on sale of fixed assets	-	508,352
Miscellaneous income	-	240,000
	<u>7,196,880</u>	<u>25,892,121</u>

25 FINANCE COST

Mark-up on bank borrowings	-	-
Mark-up on lease finance facility	856,768	1,244,818
Bank charges	18,329	48,315
	<u>875,097</u>	<u>1,293,133</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 _____ by the Board of Directors of the Company.

Chief Executive Officer



Director