Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Z.A. GHAFFAR SECURITIES (Pvt.) Ltd.

TREC HOLDER : PAKISTAN STOCK EXCHANGE LIMITED

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DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, I am pleased to present our report together with the audited financial statement of the Company for the year June 30, 2023.

Performance Overview

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

	Rupees
Operating revenue	2,882,640
Operating expenses	(5,212,090)
Operating loss	**(2,329,451)**
Other charges	-
Other income	1,116,579
Loss before taxation	**(1,212,871)**
Taxation	2,038,730
Profit after taxation	**825,859**

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors which badly effected the profitability of the company and eventually PSX Index closed at 42,437 as at June 30, 2023. Moreover, higher inflation and interest rates are likely to keep the equities market under pressure during next year.

Dividend:

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

External Auditors

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

Dated: 23 SEP 2023

Director

Zaghh

Chief Executive

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Z.A. Ghaffar Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Company`s financial reporting process.

Auditor`s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company`s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

NASIR JAVAID MAQSOOD IMRAN
KARACHI
CHARTERED ACCOUNTANTS

Nasir Javaid Maqsood Imran

Dated: 23 SEP 2023
Karachi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

UDIN: AR2023102704zdpxEmW6

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Notes	Rupees 2023	Rupees 2022
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	5,350,473	5,884,573
Intangible assets	5	2,750,000	2,750,000
Deferred tax asset	6	1,161,702	-
Long-term advances & deposits	7	3,261,200	8,361,200
		12,523,375	16,995,773
CURRENT ASSETS			
Short term investments	8	31,194,488	27,558,832
Advances, deposits, pre-payments & other receivables	9	7,894,618	5,066,102
Bank balances	10	1,007,032	5,922,023
		40,096,138	38,546,957
TOTAL ASSETS		52,619,513	55,542,730
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
10,000,000 (2022: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	11	56,200,000	56,200,000
Capital reserves	12	2,283,377	3,370,329
Revenue reserves		(5,958,031)	(4,081,446)
		52,525,346	55,488,883
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses & other liabilities	13	94,167	53,847
		94,167	53,847
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		52,619,513	55,542,730

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive **Director**

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Notes	Rupees 2023	Rupees 2022
REVENUE			
Operating revenue	15	1,120,651	1,395,993
Capital gain / (loss) on sale of securities		965,327	(455,397)
Unrealised gain on remeasurement of investment at fair value - through profit or loss		796,661	553,497
		2,882,640	1,494,093
Administrative expenses	16	(5,212,090)	(5,494,120)
		(5,212,090)	(5,494,120)
Operating loss		(2,329,451)	(4,000,027)
Other income	17	1,116,579	321,294
Loss before taxation		(1,212,871)	(3,678,733)
Taxation	18	2,038,730	(67,306)
Profit / (loss) after taxation		825,859	(3,746,039)

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	Rupees 2023	Rupees 2022
Profit / (loss) after taxation		825,859	(3,746,039)
Other comprehensive loss for the year			
Items that will not be reclassified to statement of profit or loss subsequently			
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income		(3,059,779)	(13,060,823)
Total comprehensive loss for the year		**(2,233,921)**	**(16,806,862)**

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	Rupees 2023	Rupees 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(1,212,871)**	**(3,678,733)**
Add / (less) : Items not involved in movement of fund:			
Depreciation		737,131	821,698
Capital (gain) / loss on sale of investments		(965,327)	455,397
Gain on remeasurement of investments		(796,661)	(553,497)
		(1,024,857)	723,598
Net cash used in operating activities before working capital changes		**(2,237,729)**	**(2,955,135)**
Net change in working capital	**(a)**	(2,667,439)	441,872
		(4,905,168)	**(2,513,263)**
Taxes paid		(176,377)	(81,098)
Net cash used in operating activities		**(5,081,545)**	**(2,594,361)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Long-term advances & deposits		5,100,000	(3,101,200)
Acquistion of vehicle		-	(2,186,000)
Short term investments		(4,933,446)	11,551,336
Net cash generated from investing activities		**166,554**	**6,264,136**
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net increase / (decrease) in cash and cash equivalents		**(4,914,991)**	**3,669,775**
Cash and cash equivalent at beginning of the year		5,922,023	2,252,248
Cash and cash equivalent at end of the year	**19**	**1,007,032**	**5,922,023**

(a) Statement of change in working capital

Decrease / (Increase) in current assets		
Trade receivables	-	134,622
Advances, deposits, pre-payment & other receivables	(2,707,759)	2,226,901
	(2,707,759)	**2,361,522**
Increase / (decrease) in current liabilities		
Trade payables	-	(823,626)
Accrued expenses & other liabilities	40,320	(1,096,024)
	40,320	**(1,919,650)**
Net change in working capital	**(2,667,439)**	**441,872**

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

			Reserves			
	Issued, subscribed & paid up capital	**Capital reserve**	**Unappropriated profit**	**Unrealised gain on remeasurement of investment at fair value- through other comprehensive income**	**Sub Total**	**Total**
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Balance as at June 30, 2021	56,200,000	3,744,810	8,464,538	3,886,396	12,350,935	68,550,935
Loss for the year	-		(3,746,039)	-	(3,746,039)	(3,746,039)
Loss on remeasurement of investment at fair value - through other comprehensive income	-		-	(13,060,823)	(13,060,823)	(13,060,823)
Transferred from revaluation surplus on property on account of incremental depreciation	-	(374,481)	374,481	-	374,481	374,481
Balance as at June 30, 2022	56,200,000	3,370,329	5,092,980	(9,174,427)	(4,081,446)	52,118,554
Revaluation Surplus		203,031				
Profit for the year	-		825,859	-	825,859	825,859
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	-	(3,059,779)	(3,059,779)	(3,059,779)
Transferred from revaluation surplus on property on account of incremental depreciation	-	(357,336)	357,336	-	357,336	357,336
Deferred tax on revaluation surplus on property		(932,647)				-
Balance as at June 30, 2023	56,200,000	2,283,377	6,276,175	(12,234,206)	(5,958,031)	50,241,969

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Z.A.Ghaffar Securities (Private) Limited (‘the Company’) was incorporated in Pakistan as a private company on September 29, 2005 under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited. The registered office is situated at Room # 49, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any, except for office premise which is stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off.

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

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

3.2 Intangible assets

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

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

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

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

3.2.1 Trading Right Entitlement Certificate

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

3.2.2 Pakistan Mercantile Exchange - Membership card

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

3.2.3 Computer software

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

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

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

3.3 Investment property

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises expenditure that is directly attributable to the acquisition of the asset including transaction costs.

Depreciation on investment property is charged using reducing balance method. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.4 Financial instruments

3.4.1 Financial assets - Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost;
(b) financial assets measured at fair value through other comprehensive income (FVOCI); and
(c) financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.4.2 Financial assets - Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit and loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.4.3 Financial liabilities - Classification, subsequent measurement and gain and losses

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.

3.5 Impairment

3.5.1 Financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

3.5.2 Impairment of non-financial assets

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

3.6 Derecognition

3.6.1 Financial assets

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

3.6.2 Financial liabilities

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

3.7 Off-setting of financial assets and financial liabilities

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

3.8 Investments

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

3.9 Settlement date accounting

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

3.10 Trade debts and other receivables

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

3.11 Fiduciary assets

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

3.12 Cash and cash equivalents

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

3.13 Share capital

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

3.14 Proposed dividend and transfer between reserves

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

3.15 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. Trade payables in respect of securities purchased are recorded at settlement date of transaction.

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

3.16 Taxation

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

i) Current

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

ii) Deferred

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

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

3.17 Provisions

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

3.18 Foreign currency transactions and translation

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

3.19 Revenue recognition

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

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

3.20 Operating and administrative expenses

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

3.21 Mark-up bearing borrowings and borrowing costs

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

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

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Booth	Office premise	Computers	Furniture & fixture	Motor vehicles	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis						
Year ended June 30, 2023						
Opening net book value (NBV)	72,941	3,246,969	916	756	2,562,992	**5,884,573**
Revaluation		203,031				
Additions (at cost)	-	-	-	-		-
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(7,294)	(345,000)	(275)	(113)	(384,449)	**(737,131)**
Closing net book value (NBV)	**65,646**	**3,105,000**	**641**	**642**	**2,178,544**	**5,350,473**
Gross carrying value basis						
As at June 30, 2023						
Cost	152,500	9,174,461	199,121	10,170	4,055,000	**13,388,221**
Accumulated depreciation	(86,854)	(6,069,460)	(198,480)	(9,527)	(1,876,457)	**(8,240,778)**
Net book value (NBV)	**65,646**	**3,105,000**	**641**	**642**	**2,178,544**	**5,350,473**
Net carrying value basis						
Year ended June 30, 2022						
Opening net book value (NBV)	81,045	3,607,743	1,309	889	829,285	**4,520,271**
Additions (at cost)	-	-	-	-	2,186,000	**2,186,000**
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(8,105)	(360,774)	(394)	(133)	(452,292)	**(821,698)**
Closing net book value (NBV)	**72,941**	**3,246,969**	**916**	**756**	**2,562,992**	**5,884,573**
Gross carrying value basis						
As at June 30, 2022						
Cost	152,500	8,971,430	199,121	10,170	4,055,000	**13,388,221**
Accumulated depreciation	(79,560)	(5,724,460)	(198,206)	(9,414)	(1,492,008)	**(7,503,647)**
Net book value (NBV)	**72,941**	**3,246,969**	**916**	**756**	**2,562,992**	**5,884,573**
Rate of Depreciation	**10**	**10**	**30**	**15**	**15**	

4.1 The net book value of office premise, had the office been carried under the cost model would be Rs. 202,427.

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2023	Rupees 2022

5 INTANGIBLE ASSETS

	Notes	Rupees 2023	Rupees 2022
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		250,000	250,000
		2,750,000	**2,750,000**

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

6 DEFERRED TAX ASSET

	Rupees 2023	Rupees 2022
Deductible temporary difference		
Capital loss on short term investments	116,617	-
Assessed tax loss	1,907,781	-
Minimum tax	61,073	-
	2,085,471	**-**
Taxable temporary difference		
Accelerated depreciation	804,270	-
Unrealized gain on re-measurement of investment	119,499	-
	923,769	**-**
Deferred tax asset	**1,161,702**	**-**

7 LONG TERM ADVANCES & DEPOSITS

	Rupees 2023	Rupees 2022
Central Depository Company of Pakistan Limited	-	100,000
Pakistan Mercantile Exchange Limited	750,000	750,000
Deposit against office premises at Pakistan Mercantile Exchange Limited	2,500,000	2,500,000
Railway deposit	10,000	10,000
Deposit against Base Minimum Capital Requirement	-	5,000,000
Other deposits	1,200	1,200
	3,261,200	**8,361,200**

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2023	Rupees 2022
8 SHORT TERM INVESTMENT			
Investments at fair values through profit & loss			
Listed equity securities		22,396,991	15,944,720
Unrealised gain on remeasurement of investment at fair value		796,661	553,497
Market value	**8.1**	**23,193,652**	**16,498,217**
Investments at fair values through other comprehensive income			
Shares of Pakistan Stock Exchange Limited		11,060,615	24,121,438
Unrealised loss on remeasurement of investment		(3,059,779)	(13,060,823)
Market value		**8,000,836**	**11,060,615**
GRAND TOTAL		**31,194,488**	**27,558,832**

8.1 Shares having market value of Rs. Nil /- (2022: Nil /-) are pledged as security with PSX and NCCPL for the purpose of base minimum capital and exposure requirements.

9 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	Notes	Rupees 2023	Rupees 2022
Exposure deposits	**9.1**	3,000,000	3,000,000
Income tax refundable		335,868	215,111
Receivable from clearing house		1,970,805	238,166
Advance to director		2,465,000	1,345,000
Other receivables		122,945	267,825
		7,894,618	**5,066,102**

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

10 BANK BALANCES

	Notes	Rupees 2023	Rupees 2022
Cash at bank - current accounts		1,007,032	5,922,023
	10.1	**1,007,032**	**5,922,023**

10.1 ***Bank balance pertains to:***

Clients	-	-
Brokerage House	1,007,032	5,922,023
	1,007,032	**5,922,023**

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2023	Rupees 2022

11 ISSUED, SUBSCRIBED & PAID-UP-CAPITAL

Number of shares 2023	Number of shares 2022			
5,620,000	5,620,000	Ordinary shares of Rs. 10 each fully paid in cash	56,200,000	56,200,000
5,620,000	**5,620,000**		**56,200,000**	**56,200,000**

11.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

11.2 PATTERN OF SHAREHOLDING

Name of shareholders	2023	2022	2023	2022
	Number of Shares		Percentage of Holding	
Zahoor Abdul Ghaffar	5,619,708	5,619,708	99.995%	99.995%
Aisal Abdul Ghaffar	192	292	0.003%	0.005%
Ahad Zahoor	100	-	0.002%	0.000%
	5,620,000	**5,620,000**	**100%**	**100%**

12 CAPITAL RESERVE

	Notes	2023	2022
Surplus on revaluation of office-net of deferred tax	12.1	2,283,377	3,370,329
		2,283,377	**3,370,329**

12.1 The revaluation of offices was carried out as on June 30, 2023 by Sadruddin Associates (Private) Limited on the basis of market values based on enquiries made about the cost of offices of similar nature, size and location. The fair value of office premise has been determined by Sadruddin Associates (Private) Limited at Rs. 3.45 Million and forced sale value at Rs. 2.76 Million.

13 ACCRUED EXPENSES & OTHER LIABILITIES

	2023	2022
Accrued expenses	89,921	-
Other liabilities	4,246	53,847
	94,167	**53,847**

14 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as on June 30, 2023 (2022: Nil).

15 OPERATING REVENUE

	Notes	2023	2022
Brokerage commission including sales tax on services	15.1	979,824	1,142,889
Less: Sales tax on services		(112,723)	(129,357)
Net brokerage commission excluding sales tax on services		**867,101**	**1,013,532**
Dividend income		253,550	382,461
		1,120,651	**1,395,993**

15.1 Brokerage Income - net of sales tax

Equity brokerage

	2023	2022
- Institutional customers	-	-
- Retail clients	867,101	1,013,532
	867,101	**1,013,532**

16 ADMINISTRATIVE EXPENSES

	Notes	Rupees 2023	Rupees 2022
Directors' remuneration	**16.1**	2,200,000	1,380,000
Staff salaries and allowances		198,000	750,000
Rent, rates & tax expense		133,463	97,859
Service and transaction charges		326,889	294,968
Utilities and communication expenses		128,020	102,468
Auditors’ remuneration	**16.2**	95,760	90,000
Fees and subscription		185,915	313,788
Legal and professional		47,330	129,120
Entertainment		141,860	172,310
Computer and internet charges		48,140	30,720
Software expense		-	145,415
Vehicle Fuel & Maintenance		222,770	170,000
Printing and stationery		3,450	20,475
Repair and maintenance		87,000	-
Postage and courier		-	1,155
Depreciation		737,131	821,698
Donation	**16.3**	500,000	800,000
Insurance expense		76,000	76,000
Other expenses		80,362	98,144
		5,212,090	**5,494,120**

16.1 Remuneration of Chief Executive and Director

	2023			2022		
	Chief Executive	**Director**	**Executives**	**Chief Executive**	**Director**	**Executives**
Managerial remuneration	1,080,000	1,120,000	-	840,000	540,000	-
Company's contribution to the Provident Fund	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-		-
	1,080,000	**1,120,000**	**-**	**840,000**	**540,000**	**-**
Number of persons (including those who worked part of the year)	**1**	**2**	**-**	**1**	**1**	**-**

16.2 Auditors’ remuneration

	2023	2022
Audit services		
Annual audit fee	95,760	90,000
Certifications	-	-
	95,760	**90,000**
Non-audit services		
Other services	-	-
	-	-
	95,760	**90,000**

16.3 None of the director or their spouses had any interest in the donee organizations.

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2023	Rupees 2022
17 OTHER INCOME			
Profit on exposure and deposits		1,028,579	321,294
Rental income		88,000	-
		1,116,579	**321,294**
		1,116,579	**321,294**
18 TAXATION			
Current		55,619	67,306
Deferred		(2,094,349)	-
		(2,038,730)	**67,306**

18.1 In the view of tax loss in current and previous year, provision for minimum tax was made in accordance with Section 113 of Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit has not been presented for the current and previous year.

18.2 The income tax returns of the Company have been filed up to tax year 2022 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

	Rupees 2023	Rupees 2022
Cash & bank balances	1,007,032	5,922,023
	1,007,032	**5,922,023**

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

20.1 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

20.1.1 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of interest rate risk, foreign currency risk and price risks.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will flactuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. The Company is not exposed to such risk.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payable that exist due to transaction in foreign currencies. The Company is not exposed to currency risk as all the operations of the Company are being carried out in local currency.

(iii) Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to price risk since it had investments in quoted equity securities and also because the Company held collaterals in the form of equity securities against their debtor balances.

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of equity securities in particular sectors of the market.

The table below summarizes Company's equity price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair value (Rupees)	Hypothetical price change	Estimated fair value after hypothetical change in prices (Rupees)	Hypothetical increase / (decrease) in profit before tax (Rupees)
June 30, 2023	**31,194,488**	**10% increase**	**34,313,937**	**3,119,449**
		10% decrease	**28,075,039**	**(3,119,449)**
June 30, 2022	**27,558,832**	10% increase	30,314,715	2,755,883
		10% decrease	24,802,949	(2,755,883)

20.1.2 Liquidity risk

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

	2023			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**More than one year**
	---------------------------------- (Rupees)			---
Financial liabilities				
Accrued expenses & other liabilities	94,167	94,167	94,167	-
	94,167	**94,167**	**94,167**	**-**

	2022			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**More than one year**
	---------------------------------- (Rupees)			---
Financial liabilities				
Accrued expenses & other liabilities	53,847	53,847	53,847	-
	53,847	**53,847**	**53,847**	**-**

20.1.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 360 days or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

Exposure to credit risk

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

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

	Rupees 2023	Rupees 2022
Long term deposits and advances	3,261,200	8,361,200
Short term investments	31,194,488	27,558,832
Advances, deposits, pre-payments & other receivables	7,894,618	5,066,102
Cash and bank balances	1,007,032	5,922,023
	43,357,338	**46,908,157**

a) Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Short term rating	2023	2022
	Rupees	
A-1+	1,007,032	5,922,023
	1,007,032	**5,922,023**

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

20.2 Financial Instruments by category

20.2.1 Financial Assets

	2023			
	At fair value through profit or loss	**At fair value through other comprehensive income**	**At amortised cost**	**Total**
Long term advances and deposits	-	-	3,261,200	3,261,200
Short term investments	23,193,652	8,000,836	-	31,194,488
Advances, deposits, pre-payments & other receivables	-	-	7,894,618	7,894,618
Cash and bank balances	-	-	1,007,032	1,007,032
	23,193,652	**8,000,836**	**12,162,850**	**43,357,338**

	2022			
	At fair value through profit or loss	**At fair value through other comprehensive income**	**At amortised cost**	**Total**
Long term advances and deposits	-	-	8,361,200	8,361,200
Short term investments	16,498,217	11,060,615	-	27,558,832
Advances, deposits, pre-payments & other receivables	-	-	5,066,102	5,066,102
Cash and bank balances	-	-	5,922,023	5,922,023
	16,498,217	**11,060,615**	**19,349,325**	**46,908,157**

20.2.2 Financial Liabilities

	2023		
	Amortised cost	**At fair value through profit or loss**	**Total**
Accrued expenses & other liabilities	94,167	-	**94,167**
	94,167	**-**	**94,167**

	2022		
	Amortised cost	**At fair value through profit or loss**	**Total**
Accrued expenses & other liabilities	53,847	-	**53,847**
	53,847	**-**	**53,847**

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

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

Financial assets

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through profit and loss				
Listed securities	23,193,652	-	-	23,193,652
	23,193,652	**-**	**-**	**23,193,652**

	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through other comprehensive income				
Listed securities	8,000,836	-	-	8,000,836
	8,000,836	**-**	**-**	**8,000,836**

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through profit and loss				
Listed securities	16,498,217	-	-	16,498,217
	16,498,217	**-**	**-**	**16,498,217**

	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through other comprehensive income				
Listed securities	11,060,615	-	-	11,060,615
	11,060,615	**-**	**-**	**11,060,615**

22 CAPITAL

22.1 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The management closely monitors the return on capital employed along with the level of distributions to ordinary shareholders. Further, in order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital, or issue new shares.

On a regular basis, the Company manages to meet the financial resource requirements applicable to the Company (i.e., minimum levels of Liquid Capital or net worth) as specified in the Securities Brokers (Licensing and Operations) Regulations, 2016.

22.2 Capital Adequacy Level

	Note	June 30. 2023
Total Assets		52,619,513
Less: Total Liabilities		(94,167)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)		(2,283,377)
Capital Adequacy Level	**22.2.1**	**50,241,969**

22.2.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2023, as determined by Pakistan Stock Exchange has been considered.

23 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transactions and balances with related parties other than those disclosed elsewhere are as follows:

KEY MANAGEMENT PERSONNEL:	**2023**	**2022**
Zahoor Abdul Ghaffar (Chief executive Officer)		
Transactions during the year		
Brokerage commission earned	**16,688**	**70,947**
Aisal Abdul Ghaffar (Director)		
Transactions during the year		
Brokerage commission earned	**21,294**	**86,150**
Ahad Zahoor (Director)		
Transactions during the year		
Brokerage commission earned	**57,501**	**-**

Z.A. GHAFFAR SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

24 GENERAL

24.1 Number of Employees

Total employees of the Company at the year end	1	2
Average employees of the Company during the year	1	2

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

Figures have been rounded off to the nearest rupee.

24.3 Authorization for Issue

These financial statements were approved by the Company's board of directors and authorised for issue on 23 SEP 2023

Chief Executive

Director