H.G MARKETS (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

H.G MARKETS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		------ Rupees ------	
Assets			
Non-current assets			
Property and equipment	4	357,497,600	196,775,583
Intangible assets	5	5,350,000	5,350,000
Long - term deposits	6	11,060,000	3,060,000
Loans to related parties	7	302,100,000	100,000,000
Deferred taxation - net	8	22,389,122	39,748,925
		698,396,722	344,934,508
Current assets			
Short term investment	9	80,810,778	70,849,421
Advances, deposits, prepayments and other receivable	10	61,007,381	72,149,769
Bank balances	11	22,726,922	55,905,111
		164,545,081	198,904,301
Total assets		862,941,803	543,838,809
Equity and liabilities			
Share capital and reserves			
Authorized capital			
5,000,000 (2023: 5,000,000) ordinary shares of Rs. 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up capital	12	50,000,000	50,000,000
Un-appropriated profit		685,697,491	386,469,789
		735,697,491	436,469,789
Non- current liabilities			
Long term liability	13	1,508,736	-
Current liabilities			
Accrued and other liabilities	14	92,605,918	82,169,978
Provision for taxation	15	33,129,658	25,199,042
		125,735,576	107,369,020
Contingencies and commitments	16		
Total equity and liabilities		862,941,803	543,838,809

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

H.G MARKETS (PRIVATE) LIMITED TREC HOLDER PSX 528 LAHORE

H.G MARKETS (PVT) LTD. KARACHI

Chief Executive | **Director**

H.G MARKETS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		------ Rupees ------	
Operating revenue	17	**459,294,143**	430,758,558
Gain on sale of short term investments	18	**545,589,378**	394,727,642
		1,004,883,521	825,486,201
Administration and general expenses	19	**(266,978,740)**	(269,610,749)
Selling and distribution expense	20	**(387,206,069)**	(280,697,754)
Other expenses	21	**(9,360,303)**	(5,876,321)
Operating profit		**341,338,409**	269,301,377
Other Income	22	**8,721,000**	6,254,205
Finance Cost		**(342,246)**	(237,726)
Profit before levy and taxation		**349,717,163**	275,317,856
Levy	23	**(33,129,658)**	(25,199,042)
Profit before taxation		**316,587,505**	250,118,814
Taxation			
Current - for the year		-	-
- prior Year		-	(7,675,952)
Deferred - for the year		**(17,359,803)**	18,562,453
Profit after taxation		**299,227,702**	261,005,315

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

H.G MARKETS (PRIVATE) LIMITED TREC HOLDER PSX 528 LAHORE

H.G MARKETS (PVT) LTD. KARACHI

Chief Executive

Director

H.G MARKETS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	------ Rupees ------	
Profit after taxation	**299,227,702**	261,005,315
Other comprehensive income	-	-
Total comprehensive income for the year	**299,227,702**	261,005,315

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

H.G MARKETS (PRIVATE) LIMITED TREC HOLDER PSX 528 LAHORE

H.G MARKETS (PVT) LTD. KARACHI

Chief Executive **Director**

H.G MARKETS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up capital	Revenue reserves Un-appropriated profit	Total
	------------	Rupees	------------
Balance as at July 01, 2022	**50,000,000**	**215,164,474**	**265,164,474**
Profit for the year	-	261,005,315	261,005,315
Other comprehensive income	-	-	
	-	261,005,315	261,005,315
Interim cash dividend for the year ended June 30, 2022		(89,700,000)	(89,700,000)
Balance as at June 30, 2023	50,000,000	386,469,789	436,469,789
Balance as at July 01, 2023	50,000,000	386,469,789	436,469,789
Profit for the year	-	299,227,702	299,227,702
Other comprehensive income	-	-	
	-	299,227,702	299,227,702
Balance as at June 30, 2024	**50,000,000**	**685,697,491**	**735,697,491**

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

H.G MARKETS (PRIVATE) LIMITED TREC HOLDER PSX 528 LAHORE

H.G MARKETS (PVT) LTD. KARACHI

Chief Executive

Director

H.G MARKETS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		------ Rupees ------	
Cash flows from operating activities			
Profit before levy and taxation		349,717,163	275,317,856
Adjustments for non-cash items:			
Depreciation on Property and equipment	4.2	19,521,351	13,911,305
Workers' Welfare Fund	14.1	9,360,303	5,876,321
Provision for legal expense	14	-	3,500,000
Gain on disposal of vehicle		-	(2,071,981)
Finance cost		342,246	237,726
		29,223,900	21,453,371
		378,941,063	296,771,227
Decrease in current assets:			
Advances, deposits, prepayments and other receivable		20,058,753	57,367,302
Increase in current liabilities:			
Accrued and other liabilities		1,075,637	28,397,437
		21,134,390	85,764,739
Cash generated from operations		400,075,453	382,535,966
Income tax paid		(34,115,407)	(39,188,965)
Finance cost paid		(342,246)	(237,726)
		(34,457,653)	(39,426,691)
Net cash generated from operating activities		365,617,800	343,109,275
Cash flows from investing activities			
Increase in short term investment		(9,961,357)	(12,078,165)
Proceeds from disposal of property and equipment		-	2,600,000
Payment for acquisition of property and equipment		(180,243,368)	(137,927,433)
Increase in long term deposits	6	(8,000,000)	
Loan to Director - net		(202,100,000)	(100,000,000)
Long term liability		1,508,736	-
Net cash used in investing activities		(398,795,989)	(247,405,598)
Cash flows from financing activities			
Dividend paid		-	(88,588,000)
Net cash used in financing activities		-	(88,588,000)
		(33,178,189)	7,115,677
Cash and cash equivalents at the beginning of year		55,905,111	48,789,435
Cash and cash equivalents at the end of year	11	22,726,922	55,905,111

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

H.G MARKETS (PRIVATE) LIMITED TREC HOLDER PSX 528

H.G MARKETS (PVT) LTD. KARACHI

Chief Executive

Director

H.G MARKETS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

H. G Markets (Private) Limited (the Company) was incorporated on July 18, 2013 in Pakistan as a private limited company under the Repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a Corporate Member of Pakistan Mercantile Exchange Limited (PMEX) and provides trade execution services for the products offered by the PMEX. The Company also obtained license to operate as securities broker and holds a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (PSX) on July 20, 2022 and was given license as a securities broker under the trading and self clearing category by the Securities and Exchange Commission of Pakistan on January 01, 2024. The principal activities of the Company are brokerage of shares, stocks, commodities and other financial instruments, underwriting, investments in securities and commodities, custodial services. Further the Company is also engaged in future trading in commodities as allowed by PMEX.

The geographic locations of business units of the Company, are as follows:

Business branches	Geographical locations
Lahore	2 - Race Course Road, Lahore.
Karachi	BC-11, Block 5, Kehkshan Clifton, Karachi.
Sargodha	1st Floor, Al aziz manzal, Club Road, Opposite Cantonment board office, Sargodha.
Faisalabad	81, 82 Ground floor, Kohinoor one plaza, Jaranwala road, Faisalabad.
Islamabad	Pakland Tower 2, 8th floor, F9/G9, New Blue Area, Islamabad

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;
- Futures Brokers (Licensing and Operations) Regulations, 2018; and
- Securities Brokers (Licensing and Operations) Regulations, 2016.

Where provisions of and directives issued under the Companies Act, 2017 and the regulations differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 and the regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise stated.

2.3 Functional and presentation currency

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise stated.

2.4 Use of judgments and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's 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 the judgments about 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 estimates are recognised prospectively.

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

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

		Note
(a)	Useful lives of property and equipment and methods of depreciation	3.1
(b)	Useful lives of intangibles and methods of amortization	3.2
(c)	Expected credited losses	**3.4.3**
(d)	Taxation	**3.14**
(e)	Provisions and contingencies	**3.10 & 3.11**

2.5 CHANGES IN REPORTING STANDARDS AND INTERPRETATIONS

2.5.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

2.5.1.1 Certain standards, amendments and interpretations to IFRS are effective for accounting period beginning on July 01, 2023 but are considered not to be relevant to the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes

The Institute of Chartered Accountants of Pakistan ('ICAP') has withdrawn Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" vide its circular No. 07/2024 dated May 15, 2024 ('the Guidance'). According to the Guidance, the minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis in excess of normal tax liability, and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime, are out of scope of IAS 12 "Income Taxes" and fall in the ambit of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Accordingly, the Company has changed its accounting policy to recognise such taxes as 'Levies' which were previously being recognised as 'Income Tax'. This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulted only in re-classification of prior year balance as levy.

		Effective date
(b)	**Disclosure of Accounting Policies - Amendments to IAS 1**	**January 01, 2023**

The amendments require that an entity discloses its material accounting policies, instead of its 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.

Effective date

(c) Definition of Accounting Estimates - Amendments to IAS 8 **January 01, 2023**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Effective date

(d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 **January 01, 2023**

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

2.5.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective in the current period

2.5.2.1 There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2024 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

Effective date

(a) Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants - Amendments to IAS 1 **January 01, 2024**

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. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

Effective date

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 **January 01, 2024**

The amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered

Effective date

(c) Lack of Exchangeability - Amendments to IAS 21 **January 01, 2025**

The amendments address situations where a currency may lack exchangeability, often due to government-imposed controls. In such cases, companies must estimate a spot exchange rate reflecting orderly transactions at the measurement date. The amendments provide flexibility, allowing the use of observable rates without adjustment or other estimation techniques, provided they meet the estimation objective. The assessment considers factors like the availability of multiple rates, purpose, nature, and update frequency. The amendments requires new disclosures, including the nature and financial impact of non-exchangeability, the spot exchange rate used, the estimation process, and associated risks.

2.5.3 The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting information (policies) applied in the preparation of these financial statements are set out below. These policies are considered material under disclosure requirements of IAS 1 - Presentation of financial statements and have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property and equipment

(a) Measurement

Property and equipment are stated at cost less accumulated depreciation and any identified accumulated impairment loss, except land and capital work-in-process which are stated at cost. Cost in relation to certain property and equipment signifies historical cost and other directly attributable cost of bringing the asset to working condition. Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized.

(b) Depreciation

Depreciation commences when asset is available for intended use and continues till the asset is derecognized or classified as held for sale. Depreciation on all property and equipment is charged to the statement of profit and loss using reducing balance method at the rates stated in (note 4.1) so as to write off the historical cost of an asset over its estimated useful life.

Depreciation on additions are charged on pro-rata basis from the day in which the asset is acquired or capitalized, while no depreciation is charged from the day of disposal.

(c) Derecognition

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

(d) Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less impairment loss, if any. All costs and expenses connected with specific assets / projects incurred till completion of installation and erection are carried under CWIP. These are transferred to operating property and equipment at cost as and when these are available for use.

3.2 Intangible assets

Intangible assets with indefinite useful lives are not amortized. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible asset with definite useful life is stated at acquisition cost less impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at a specified rate.

3.3 Long term deposits

These are stated at cost which represents the fair value of consideration given.

3.4 Financial Instruments

3.4.1 The group classifies its financial assets in the 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 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.

(b) Financial assets at FVOCI

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

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

3.4.3 Impairment of financial assets

The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3.5 Advances, deposits, prepayments and other receivables

Advances, deposits, prepayments and other receivables are stated at cost, which represents the fair value, and included in current assets, except for having maturities greater than twelve months after the reporting date, which are classified as non-current assets.

3.6 Dividend distribution

Dividend distributions are recorded in the period in which the distributions and appropriations are approved.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash at bank and if any other short term highly liquid investments held are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

3.8 Share capital

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

3.9 Financial liabilities

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

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

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

3.10 Provisions

A provision is recognized in the financial statements when the Company has legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

3.11 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.12 Current and non-current assets / liabilities

The Company classifies an asset as current when it is expected to be realized in, or is intended for sale or consumption in the Company's normal operating cycle, or it is held primarily for the purpose of being traded, or it is expected to be realized within twelve months of the reporting date, or it is cash or a cash equivalent asset unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company classifies a liability as current when it is expected to be settled in the Company's normal operating cycle, or it is held primarily for the purpose of being traded, or is due to be settled within twelve months after the reporting date, or it is not attached to an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3.13 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

3.14 Taxation

3.14.1 Levy

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

3.14.2 Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. The Company takes benefit of any tax credit and rebate.

3.14.3 Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the 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 reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

3.15 Revenue recognition

Revenue is recognized when or as performance obligations are satisfied by transferring control of promised goods or services to a customer under contracts. Commission is recognized as and when services are rendered. Profit on market making is recognized when the right to receive the same is established.

Capital gains or losses on sale of investments are recognized in the period in which they arise.

Commission is recognized as income at the time of affecting the transaction to which it relates. Fees are recognized when earned.

3.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount 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, if any. Corresponding income and expenditure if any, are also offset and reported on a net basis in the statement of profit or loss.

		Note	2024	2023
			------ Rupees ------	
4	**PROPERTY AND EQUIPMENT**			
	Operating fixed assets	4.1	**314,017,965**	166,268,444
	Capital work-in-progress	16.2.1	**43,479,635**	30,507,139
			357,497,600	196,775,583

4.1 Operating fixed assets

	Owned						
	Freehold Land	Computers & Accessories	Furniture & Fixtures	Motor Vehicles	Generators	Office Equipment	Total
	Rupees						
As at June 30, 2022							
Cost		6,456,211	7,213,523	54,623,700	1,200,000	1,761,338	71,254,772
Accumulated depreciation		2,732,077	2,395,795	17,908,381	1,053,000	885,183	24,974,437
Net book value	-	3,724,134	4,817,728	36,715,319	147,000	876,155	46,280,335
For the year ended June 30, 2023							
Opening net book value	-	3,724,134	4,817,728	36,715,319	147,000	876,155	46,280,335
Additions	81,100,000	8,500,000	14,517,800	30,500,000	500,000	2,809,633	137,927,433
Disposals:							
- Cost	-	-		5,583,700	-	-	5,583,700
- Accumulated depreciation	-	-		(1,555,681)	-	-	(1,555,681)
	-	-	-	4,028,019	-	-	4,028,019
Depreciation charge note - 4.2	-	2,018,326	1,529,379	9,784,656	94,100	484,844	13,911,305
Closing net book value	**81,100,000**	**10,205,808**	**17,806,149**	**53,402,644**	**552,900**	**3,200,944**	**166,268,444**
At June 30, 2023							
Cost	81,100,000	14,956,211	21,731,323	79,540,000	1,700,000	4,570,971	203,598,505
Accumulated depreciation	-	4,750,403	3,925,174	26,137,356	1,147,100	1,370,027	37,330,061
Net book value	**81,100,000**	**10,205,808**	**17,806,149**	**53,402,644**	**552,900**	**3,200,944**	**166,268,444**
For the year ended June 30, 2024							
Opening net book value	81,100,000	10,205,808	17,806,149	53,402,644	552,900	3,200,944	166,268,444
Additions	69,280,000	1,550,998	3,332,382	92,954,344	-	153,148	167,270,872
Depreciation charge - note 4.2	-	3,209,855	2,764,873	12,400,718	165,870	980,034	19,521,351
Closing net book value	**150,380,000**	**8,546,951**	**18,373,657**	**133,956,270**	**387,030**	**2,374,058**	**314,017,965**
At June 30, 2024							
Cost	150,380,000	16,507,209	25,063,705	172,494,344	1,700,000	4,724,119	370,869,377
Accumulated depreciation	-	7,960,258	6,690,048	38,538,074	1,312,970	2,350,061	56,851,412
Net book value	**150,380,000**	**8,546,951**	**18,373,657**	**133,956,270**	**387,030**	**2,374,058**	**314,017,965**
Depreciation rate (per annum)		**30%**	**15%**	**20%**	**30%**	**30%**	

	Note	2024	2023
		------ Rupees ------	
4.2 Depreciation charge has been allocated as follows:			
Administrative expenses	19	**19,521,351**	13,911,305

4.3 Disposal of operating assets

Particulars of asset disposed off having aggregate book value exceeding Rs. 500,000.

Asset	Cost	Net book value	Sale Proceeds	Gain	Particulars of Buyer	Mode of Disposal	Relationship
	----------	Rupees	----------				
2024							
	-	-	-	-	-	-	-
2023							
Motor Vehicle	5,583,700	4,028,019	6,100,000	2,071,981	Mr. Umer Sheikh	Negotiation	Outside party

	Note	2024	2023
		------ Rupees	------
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate (TREC)	5.1	**2,500,000**	2,500,000
Pakistan Mercantile Exchange - Membership	5.1	**2,000,000**	2,000,000
Capital work-in-progress- software	5.2	**850,000**	850,000
		5,350,000	5,350,000

5.1 The Trading Right Entitlement Certificate (TREC) and Pakistan Mercantile Exchange - Membership is considered to have an indefinite useful life.

5.2 The Company is presently in the process of installing software as recommended by the Pakistan Stock Exchange (PSX) as a necessary requirement for the registration with PSX. An expenditure of Rs. 850,000 was incurred till the reporting date. The full suite comprising nine modules is scheduled for installation in future period, refer note 16.2.1.

	Note	2024	2023
		------ Rupees	------
6 LONG - TERM DEPOSITS			
Deposits with:			
- Pakistan Mercantile Exchange Limited (PMEX)		**3,060,000**	3,060,000
- Pakistan Stock Exchange Limited (PSX	6.1	**8,000,000**	-
		11,060,000	3,060,000

6.1 It represents cash deposit with PSX to fulfill the Base Minimum Capital (BMC) requirement in Compliance with clause 19.2 of the Risk Management Regulation of PSX Rule Book.

	Note	2024	2023
		------ Rupees	------
7 LOANS TO RELATED PARTIES			
Chief Executive - Hussain Gulraze Mir		**272,100,000**	100,000,000
Ex-Director / relative of Director - Fatima Gulraze Mir		**30,000,000**	-
	7.1	**302,100,000**	100,000,000
7.1 Movement of loans:			
Balance at beginning of the year		**100,000,000**	
Add: disbursement made during the year to:			-
Hussain Gulraze Mir		**332,850,000**	100,000,000
Fatima Gulraze Mir		**30,000,000**	-
Less: repayment made during the year by:			
Hussain Gulraze Mir		**160,750,000**	-
Balance at end of the year		**302,100,000**	100,000,000

7.2 The maximum aggregate outstanding balances at end of any month during the year from Hussain Gulraze was Rs. 304.100 million (2023: Rs.100.000 million) and Fatima Gulraze was Rs. 30.000 million (2023: Rs. nil).

		2024	2023
		------ Rupees ------	
8	**DEFERRED TAXATION** - Net		
	The deferred tax asset comprises of the following:		
	Taxable temporary difference:		
	Accelerated depreciation - owned assets	**46,374,111**	-
	Deductible temporary difference:		
	Accelerated depreciation - owned assets	-	444,711
	Unused business losses	**64,238,151**	29,550,672
	Minimum taxes	**4,525,082**	9,753,542
	Deferred taxation - net	**22,389,122**	39,748,925
9	**SHORT TERM INVESTMENT**		
	At fair value through profit or loss	**80,810,778**	70,849,421

9.1 This represents short term investment in products offered by the PMEX. The company avails margin as per the terms of PMEX.

		2024	2023
		------ Rupees ------	
10	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		
	Advances to employees	**10,571,000**	8,761,000
	Exposure deposits with:		
	- Pakistan Mercantile Exchange Limited (PMEX)	**4,265,577**	5,482,836
	- Pakistan Stock Exchange Limited (PSX	**1,400,000**	-
	Advance income tax	**37,088,442**	28,172,077
	Prepayments	**6,541,138**	5,749,833
	Other receivables	**1,141,224**	23,984,023
		61,007,381	72,149,769
11	**BANK BALANCES**		
	Company accounts		
	- current accounts	**22,553,257**	55,905,111
	Client accounts		
	- current accounts	**173,665**	-
		22,726,922	55,905,111
12	**SHARE CAPITAL**		
	Authorized share capital		
	5,000,000 (2023: 5,000,000) ordinary shares of Rs. 10 each	**50,000,000**	50,000,000
	Issued, subscribed and paid-up capital		
	5,000,000 (2023: 5,000,000) ordinary shares of Rs. 10 each fully paid in cash	**50,000,000**	50,000,000

12.1 The Shareholders' rights and privileges are governed through Company's Memorandum and Articles of Association and there is no specific shareholder's agreement executed for voting rights, board selection, right of first refusal and block voting.

13 **LONG TERM LIABILITY**

13.1 This represents non-current portion of amount payable to Lucky Motors Corporation Limited against purchase of vehicle on interest free easy installment plan (EMI). Rs. 4,526,208 of this liability is classified as current.

		Note	2024	2023
			------ Rupees ------	
14	**ACCRUED AND OTHER LIABILITIES**			
	Accrued expenses		**42,337,822**	37,637,822
	Worker's Welfare Fund payable	14.1	**23,949,689**	14,589,387
	Withholding tax payable		**21,618,534**	26,442,769
	Current portion of long term liability	13.1	**4,526,208**	-
	Deposits by clients - PSX		**173,665**	-
	Provision for legal expenses	16.1.1	**-**	3,500,000
			92,605,918	82,169,978
14.1	**Worker's Welfare Fund payable**			
	Opening balance		**14,589,386**	8,713,065
	Provision for the year	21	**9,360,303**	5,876,321
	Closing balance		**23,949,689**	14,589,386
15	**PROVISION FOR TAXATION**			
	Balance at the beginning of the year		**25,199,042**	28,527,432
	Add: provision made during the year for:			
	- current year		**33,129,658**	25,199,042
	- prior year		**-**	7,675,952
			33,129,658	32,874,994
			58,328,700	61,402,426
	Less: adjustment against completed assessment		**25,199,042**	36,203,384
	Balance at the end of the year		**33,129,658**	25,199,042

15.1 Management believes that the tax positions are sustainable and provision for minimum tax for the year is sufficient.

15.2 Income tax assessments of the Company have been finalized upto the tax year 2023.

16 **CONTINGENCIES AND COMMITMENTS**

16.1 **Contingencies**

16.1.1 During year 2017, SECP received seven complaints individually against the company, where complainants alleged that they had given discretionary authority to the employees of the company to trade in their accounts and the employees of the company indulged in excessive trading with the sole objective of generating commissions. SECP took cognizance and initiated an investigation against order dated June 15, 2017, and concluded that 3515 number of trades to amounting approximately amounting Rs. 8.5 billion were executed due to which complainants suffered loss of 2.4 million and company has earned commission of Rs. 4.3 million. A show cause notice issued by SECP to company dated January 22, 2019 and upon conclusion of SCN proceedings, the SECP imposed a penalty of Rs. 5 million via order dated November 10, 2020.

During the preceding year, based upon hearing dated May 18, 2023 SECP has imposed penalty on the company vide impugned order is hereby reduced to Rs. 3.5 million, and the instant appeal is disposed by SECP with no order as to costs announced on September 05, 2023 (refer note 14).

16.1.2 On August 15, 2024, the Federal Board of Revenue (FBR) issued an order under Section 122(5A) of the Income Tax Ordinance, 2001, raising a demand of Rs. 68,175,768. This demand comprises Rs. 29,097,296 for alleged non-compliance with withholding tax regulations and revenue proration discrepancies, and Rs. 39,078,472 under Section 233 for failure to comply with withholding tax obligations. The Company strongly believes that section 233 is inapplicable to its operations and that it has fulfilled all statutory obligations, including withholding tax compliance and revenue proration in accordance with the law. The Company has initiated an appeal before the appropriate appellate forum, contending that the FBR's order. The management of the Company is confident in its position and anticipates a favorable resolution.

16.2 Commitments

		Note	2024	2023
			------ Rupees ------	
16.2.1	Commitments in respect of capital expenditure:			
	- intangible asset	5.2	**2,500,000**	4,500,000
	- capital work-in-progress	4	**8,214,284**	16,428,568
			10,714,284	20,928,568
17	**OPERATING REVENUE**			
	Brokerage income from PMEX		**459,294,143**	430,758,558
	Brokerage income from PSX		**2,369**	-
	Brokerage income (PSX)- test accounts payable		**(2,369)**	-
			459,294,143	430,758,558
18	**GAIN ON SALE OF SHORT TERM INVESTMENTS**			
	Gain on investment of commodities futures - PMEX		**545,589,378**	394,727,642
19	**ADMINISTRATION AND GENERAL EXPENSES**			
	Salaries and other benefits		**93,593,155**	98,751,984
	Directors' remuneration	25	**29,400,000**	39,000,000
	Fee and subscription		**8,379,642**	6,335,682
	Utilities and other bills		**11,599,024**	14,420,020
	Repair and maintenance		**7,623,797**	5,192,298
	Rent, rates and taxes		**21,690,076**	15,714,572
	Office supplies and entertainment		**18,663,767**	24,367,859
	Legal and professional charges		**3,231,493**	5,858,000
	Printing and stationary		**1,859,645**	2,032,641
	Communication charges		**7,783,016**	7,853,457
	Travelling, conveyance lodging		**19,468,315**	14,135,628
	Insurance		**956,190**	-
	Depreciation	4.2	**19,521,351**	13,911,305
	Auditors' remuneration	19.1	**1,200,000**	900,000
	Charity and donations	19.2	**18,095,979**	19,453,487
	Miscellaneous expenses		**3,913,290**	1,683,816
			266,978,740	269,610,749
19.1	**Auditors' remuneration**			
	Statutory audit		**850,000**	900,000
	Other certifications		**350,000**	-
			1,200,000	900,000

		Note	2024	2023
			------ Rupees ------	
19.2	**Charity and donations**			
	Saylani Welfare Trust		2,507,600	3,589,600
	Allah Wally Trust		3,528,800	556,200
	Shaukat Khanum Memorial Trust		6,090,000	1,000,000
	Abdul Sattar Edhi Foundation		3,750,000	4,300,000
	Alkhidmat Foundation Pakistan		1,250,000	-
	Others		969,579	10,007,687
			18,095,979	19,453,487
20	**SELLING AND MARKETING EXPENSES**			
	Salaries, commission & other benefits		353,853,300	232,612,005
	Advertisement		14,652,387	7,748,750
	Business Developments		18,700,382	40,336,999
			387,206,069	280,697,754
21	**OTHER OPERATIVE EXPENSE**			
	Workers' Welfare fund	14.1	9,360,303	5,876,321
22	**OTHER INCOME**			
	Account opening and maintenance charges		8,721,000	4,182,224
	Gain on disposal of Vehicle		-	2,071,981
			8,721,000	6,254,205

23 LEVY

23.1 Levy represents tax deducted under section 113 of the Income Tax Ordinance, 2001 (the ITO, 2001), in terms of requirements of IFRIC 21 / IAS 37.

23.2 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2024	2023
	------ Rupees ------	
Current tax liability for the year as per applicable tax laws	33,129,658	25,199,042
Portion of current tax liability as per tax laws, representing income tax under IAS 12		-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	33,129,658	25,199,042
Difference	-	-

23.3 The aggregate of minimum / final tax and income tax, amounting to Rs. 33.130 million (2023: Rs. 25.199 million) represents tax liability of the Company calculated under the relevant provisions of the ITO, 2001.

23.4 The numerical reconciliation of tax expense has not been presented in these financial statements as the total income of the Company attracts minimum tax under section 113 of the ITO, 2001.

24 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of key management personnel (Chief executive and Directors) and their relatives . The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties and the balances outstanding at the year end in these financial statements , are as follows:

Name and Relationship	Transactions	2024	2023
		------ Rupees ------	
Hussain Gulraze Mir - Director	Loan given	**(332,850,000)**	100,000,000
	Loan repaid	**160,750,000**	78,375,000
	Receivable at year end	**272,100,000**	100,000,000
	Remuneration	**12,000,000**	12,600,000
Fatima Gulraze Mir Ex-Director / relative of Director	Loan given	**30,000,000**	-
	Receivable at year end	**30,000,000**	-
	Remuneration	-	6,000,000
Irfan Ahmad Adhami - Director	Remuneration	**2,200,000**	1,800,000

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	----- Rupees -----					
Managerial remuneration (including allowances)	12,000,000	12,600,000	2,200,000	7,800,000	233,214,640	209,893,176
Number of persons	1	1	1	2	51	51

25.1 In addition to the above remuneration, the Chief Executive Officer and Directors are also provided with Company maintained cars.

26 NUMBER OF EMPLOYEES

	2024	2023
Average number of employees during the year	**128**	70
Total Number of employees at June 30,	**166**	89

27 FINANCIAL RISK MANAGEMENT

27.1 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimises earnings volatility and provide maximum return to shareholders.

(a) 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. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk primarily arises from deposits, loans and advances, short other receivables and balances with banks. To manage exposure to credit risk, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2024	2023
		------ Rupees ------	
Long term deposits	6	**3,060,000**	3,060,000
Loans to related parties	7	**302,100,000**	100,000,000
Short term investment	9	**80,810,778**	70,849,421
Advances, deposits, prepayments and other receivable	10	**23,918,939**	43,977,692
Bank balances	11	**22,726,922**	55,905,111
		432,616,639	273,792,224

The credit quality of the Company's bank balances can be assessed with reference to the external credit ratings as follows:

	Rating		
	Short term	**Long term**	**Agency**
MCB Bank Limited	A1+	AAA	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Bank Al-Falah Limited	A1+	AAA	PACRA

(b) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

(c) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns. The Company is exposed to market risk due to variation in prices.

(i) **Currency risk**

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. As at reporting date the Company is not exposed to any foreign currency risk.

(ii) **Interest rate risk**

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates. As at reporting date the Company is not exposed to any interest rate risk.

(iii) **Price risk**

Price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The management believes that 10% increase or decrease in the value of investments at fair value through profit and loss, with all other factors remaining constant would result in increase or decrease of the Company's profit by Rs. 34.972 million (2023: Rs. 27.532 million).

		Note	2024	2023
			------ Rupees ------	
27.2	**Financial instruments by categories:**			
	Financial assets - *held at amortised cost*			
	Long - term deposits	6	**11,060,000**	3,060,000
	Loans to related parties	7	**302,100,000**	100,000,000
	Short term investment	9	**80,810,778**	70,849,421
	Advances, deposits, prepayments and other receivable	10	**61,007,381**	72,149,769
	Bank balances	11	**22,726,922**	55,905,111
			477,705,081	301,964,301
	Financial liabilities - *held at amortised cost*			
	Long term liability	13	**1,508,736**	-
	Accrued and other liabilities	14	**92,605,918**	82,169,978
			94,114,654	82,169,978

28 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios to support the sustainable development of its business and maximize shareholder value. The Company closely monitors its return on capital and the level of distributions to ordinary shareholders. There were no changes to the objectives, policies, or processes during the year ended June 30, 2024.

The Company monitors capital effective control over expenses and investment. Therefore, no debt is taken by the Company.

29 CAPITAL ADEQUACY LEVEL

The Capital Adequacy Level as defined by Central Depository Company (CDC) is calculated as follows:

	Note	2024	2023
		------ Rupees ------	
Total assets	29.1	**862,941,803**	543,838,809
Less: total liabilities		**127,244,312**	107,369,020
Capital adequacy level		**735,697,491**	436,469,789

29.1 While determining the value of the total assets, notional value of the TRE certificate as at year end as determined by Pakistan Stock Exchange has been considered.

29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these financial statements.

30 EVENTS AFTER THE REPORTING DATE

There is no significant adjusting or non adjusting events after the reporting date requiring adjustment or disclosure in these financial statements.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on by the Board of Directors of the Company.

H.G MARKETS (PRIVATE) LIMITED TREC HOLDER PSX 528 LAHORE

G.H MARKETS (PVT) LTD. KARACHI

Chief Executive **Director**