

MSD CAPITAL EQUITIES (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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Independent auditor's report to the members of MSD Capital Equities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MSD Capital Equities (Private) Limited**, which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity 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 explanations which, to the best of our knowledge and belief, were necessary for the purposes 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 and other comprehensive income, the statement of changes in equity 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 and other 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 obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements of the company 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 there on.

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 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.

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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 misstatement, 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 the 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 these 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 control 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.

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- 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- The Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the Financial Statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Arshad, ACA**.



Mushtaq & Co.
MUSHTAQ & CO
Chartered accountants

Lahore

Date: 01-Nov-2023

UDIN: AR2023107247TZdX4Lva

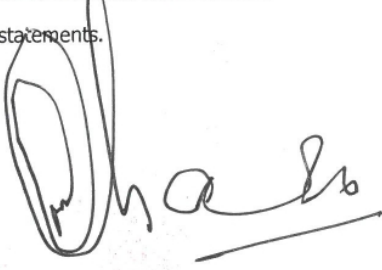
MSD CAPITAL EQUITIES (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non Current Assets			
Property and equipment	4	4,777,048	5,307,832
Intangible assets	5	5,197,000	5,197,000
Long term investments	6	9,006,813	16,406,874
Long term deposits	7	150,000	150,000
		19,130,861	27,061,706
Current Assets			
Trade debts	8	-	-
Advances, deposits and other receivables	9	58,802	152,082
Short term investments	10	24,493,290	27,572,165
Income tax deducted at source	11	851,732	892,602
Dividend Receivable		-	421,987
Cash and bank balances	12	831,708	818,535
		26,235,532	29,857,371
TOTAL ASSETS		45,366,393	56,919,077
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 1,500,000 (2022: 1,500,000) ordinary shares of Rs. 100 each		150,000,000	150,000,000
Issued, subscribed and paid up capital	13	35,000,000	35,000,000
Accumulated profits/(loss)		5,082,911	3,244,599
Fair value reserve	14	(1,672,604)	11,930,517
Director's loan	15	5,750,000	5,750,000
		44,160,307	55,925,116
Non Current Liabilities			
Deferred tax liability	16	-	-
Current Liabilities			
Creditors and accrued expenses	17	627,888	299,351
Provision for taxation		578,198	694,610
		1,206,086	993,961
Contingencies and Commitments			
	18	-	-
TOTAL EQUITY AND LIABILITY		45,366,393	56,919,077

The annexed notes from 1 to 32 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

MSD CAPITAL EQUITIES (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	Rupees	Rupees
Operating revenue - net	19	57,268	39,894
Direct cost	20	(8,797)	(24,360)
Gross (Loss)/Profit		48,471	15,534
Administrative expenses	21	(1,716,664)	(2,206,210)
Operating Loss		(1,668,193)	(2,190,676)
Other operating expenses	22	-	(113,452)
Other income	23	4,128,057	4,823,592
		4,128,057	4,710,140
Profit/(Loss) before Taxation		2,459,864	2,519,464
Taxation	24	(621,552)	(731,236)
Net Profit for the Year		1,838,312	1,788,228

The annexed notes from 1 to 32 form an integral part of these financial statements.




CHIEF EXECUTIVE OFFICER


DIRECTOR

MSD CAPITAL EQUITIES (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Net Profit/(Loss) for the Year	1,838,312	1,788,228
Other comprehensive income		
<i>Items that will not be re-classified subsequently to the profit or loss</i>		
- Trading Right Entitlement Certificate	-	-
<i>Items that may not be re-classified subsequently to the profit or loss</i>		
Re-measurement gain / (loss) on:		
- Long term investment	(7,400,061)	(4,127,038)
- Short term investment- net of deferred tax	(6,203,060)	(1,802,690)
Other comprehensive (loss) / income for the year	(13,603,121)	(5,929,728)
Total Comprehensive (Loss) / Income for the Year	<u>(11,764,809)</u>	<u>(4,141,500)</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

MSD CAPITAL EQUITIES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Share Capital	Director's Loan	GAIN/(LOSS) ON INVESTMENTS AT FVOCI	Accumulated Profit / (loss)	Total
-----Rupees-----					
Balance as at June 30, 2021	35,000,000	5,750,000	17,860,245	1,456,371	60,066,616
Net Profit/(Loss) for the Year	-	-	-	1,788,228	1,788,228
Other comprehensive income/ (loss) for the year	-	-	(5,929,728)	-	(5,929,728)
Total comprehensive income / (loss) for the year	-	-	(5,929,728)	1,788,228	(4,141,500)
Balance as at June 30, 2022	35,000,000	5,750,000	11,930,517	3,244,599	55,925,116
Net Profit/(Loss) for the Year	-	-	-	1,838,312	1,838,312
Other comprehensive income/ (loss) for the year	-	-	(13,603,121)	-	(13,603,121)
Total comprehensive income / (loss) for the year	-	-	(13,603,121)	1,838,312	(11,764,809)
Balance as at June 30, 2023	35,000,000	5,750,000	(1,672,604)	5,082,911	44,160,307

The annexed notes from 1 to 32 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

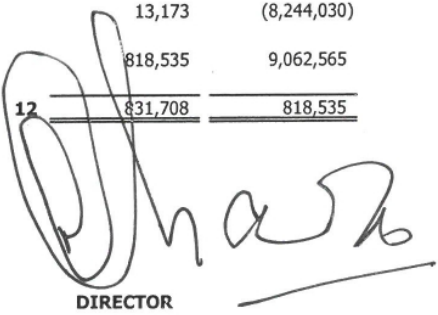
MSD CAPITAL EQUITIES (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		2,459,864	2,519,464
Adjustments for:			
- Depreciation		530,784	589,758
- Finance cost		4,090	37,271
- Dividend income		(3,768,142)	(4,627,405)
- Gain on disposal of Short term investment		(98,086)	-
- Reversal of ECL		(3,420)	-
- Gain on disposal of property and equipment		-	-
		(3,334,774)	(4,000,376)
Operating Loss before Working Capital Changes		(874,910)	(1,480,912)
(Increase) / decrease in current assets:			
- Trade debts		3,420	119,911
- Advances, deposits and other receivables		93,280	(139,043)
- Dividend Receivable		421,987	(421,987)
Increase / (decrease) in current liabilities:			
- Creditors and accrued expenses		328,537	(5,452,490)
		847,224	(5,893,609)
Cash Used in Operations		(27,686)	(7,374,521)
Finance cost paid		(4,090)	(37,271)
Income tax paid		(823,193)	(668,866)
Net Cash Used in Operating Activities		(854,969)	(8,080,658)
CASH FLOW FROM INVESTING ACTIVITIES			
Property and equipment purchased		-	-
Dividend received		3,768,142	4,627,405
Intangible assets		-	-
Purchase of short term investment		(2,900,000)	(5,090,777)
Sale of short term investment		-	-
Refund of long term deposit		-	300,000
Net Cash Used in Investing Activities		868,142	(163,372)
CASH FLOW FROM FINANCING ACTIVITIES			
Director's loan payment / loan obtained		-	-
Net Cash Generated from Financing Activities		-	-
Net Decrease in Cash and Cash Equivalents		13,173	(8,244,030)
Cash and cash equivalents at the beginning of the year		818,535	9,062,565
Cash and Cash Equivalents at the End of the Year	12	831,708	818,535

The annexed notes from 1 to 32 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

MSD CAPITAL EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 The Company and its Operations

1.1 Legal status and operations

MSD Capital Equities (Private) Limited (the Company) is a private limited company incorporated in Pakistan on December 28, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is the holder of Trading Right Entitlement Certificate (TREC) issued by the Pakistan Stock Exchange Limited (PSX). The objective of the Company is to run and manage stock/securities brokerage house. The company is engaged in brokerage of shares, portfolio management, investment advisory, consultancy and underwriting services.

The Company is domiciled in Pakistan and its registered office of the Company is situated at 69/3 FCC Green Villas Scheme, Syed Maratib Ali Road, Gulberg IV, Lahore.

During the year ended June 30, 2022, the company was re-classified in the "Trading Only" category of securities broker as specified in the Securities Brokers (Licensing and Operations) Regulations, 2016.

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 Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to nearest rupees unless stated otherwise.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These 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.

These estimates and related assumptions are reviewed on an on-going basis. Significant management estimates in these financial statements relate to the useful life and residual values of property and equipment; provisions for doubtful receivables; recovery of trade debts, costs of unscheduled maintenance and taxation.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of MSD Capital Equities (Private) Limited for the year ended June 30, 2021 have been consistent with previous year except for the provision for doubtful debt for the application of IFRS 9, financial instrument and contract assets or liabilities for the application of IFRS 15.

2.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2023 & January 1, 2024
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IFRS 9	Financial Instruments: Disclosures (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024

MSD CAPITAL EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

2.5.2 Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance contracts
IFRIC 12	Service concession arrangements

3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented except for the application of IFRS 15 revenue from contracts with customers (Note 3.10) and IFRS 9 'Financial Instruments' (Note 3.11) adopted with effect from July 01, 2018.

3.1 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on reducing balance basis so as to write off the cost of an asset over its estimated useful life without taking into account any residual value. Depreciation on all additions / deletions is being charged on monthly basis. Full month's depreciation is charged on normal additions, while no depreciation is charged on items deleted during the month. Assets' residual values and useful lives are reviewed at each reporting date and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to statement of profit or loss, while major renewals and improvements are capitalized. Gain and loss on disposal of fixed assets are included in other income.

3.2 Intangibles

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the Company and cost of the asset can be measured reliably.

Intangibles are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3 Impairment

An assessment is made at each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the statement of comprehensive income.

The previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

3.4 Trade debts

All outstanding receivables are reviewed at the reporting date. The Company recognizes and carries these receivables at original invoice amount less an allowance for uncollectible amount, if any. Bad debts are written off as incurred and expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at nominal value. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for services received or to be delivered or for any other amount, whether or not billed to the Company.

3.7 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

MSD CAPITAL EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.8 Taxation

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

Current

The charge for current tax is based on higher of corporate tax and alternate corporate tax and for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of taxable loss for the year, income tax expense is recognized on the basis of minimum tax liability on turnover of the Company in accordance with the provisions of the income tax law.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or have been notified for subsequent enactments at the reporting date.

3.9 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

All transactions with related parties are made at arm's length prices determined in accordance with comparable uncontrolled price method.

3.10 Revenue recognition

Revenue is to be recognized in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by rendering services to its customers. Services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

- Brokerage income is recognized as and when such services are rendered.
- Capital gains or losses on sale of marketable securities are recorded on the date of sale.
- Dividend income is recognized at the time when right to receive dividend is established.
- Mark-up income on profit and loss sharing basis bank accounts is recognized on a time proportionate basis that takes into account the effective yield.

MSD CAPITAL EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information because the effect on the impairment of trade debts calculated by expected credit loss approach was immaterial. Until June 30, 2018, the Company classified its financial assets in the categories as: fair value through profit or loss, loans and receivables, held to maturity, available for sale. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition. Subsequent to the initial recognition, financial assets were carried at amortized cost / fair value through other comprehensive income.

3.11.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

3.11.1.1 Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at amortized cost

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

b) Financial assets at fair value through other comprehensive income

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

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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3.11.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Except for trade debts, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

3.11.1.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

3.11.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset; or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

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3.11.1.5 Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

3.11.2 Financial liabilities

3.11.2.1 Initial recognition and measurement

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

The Company's financial liabilities include creditors and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

3.11.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

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3.11.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

3.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statement when there is a legally enforceable right to set off and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.13 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.14 Contingencies and Commitments

Contingencies and commitments are accounted for when these become due.



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4 Property and Equipment

Year ended June 30, 2023

Particulars	Cost			Rate	Depreciation			Book Value as at June 30, 2023
	As at July 01, 2022	Additions	Disposals		As at June 30, 2023	Charge for the year	Accumulated as at June 30, 2023	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Buildings	4,425,000	-	-	10%	167,862	-	2,914,241	1,510,759
Furniture and fixture	162,000	-	-	10%	6,155	-	106,604	55,396
Computer	96,000	-	-	10%	2,889	-	70,004	25,996
Office equipment	80,000	-	-	10%	3,059	-	52,469	27,531
Electric installation	236,000	-	-	10%	10,619	-	140,434	95,566
Vehicles	5,000,000	-	-	10%	340,200	-	1,938,200	3,061,800
June 30, 2023	9,999,000	-	-		530,784	-	5,221,952	4,777,048

Year ended June 30, 2022

Particulars	Cost			Rate	Depreciation			Book Value as at June 30, 2022
	As at July 01, 2021	Additions	Disposals		As at June 30, 2022	Charge for the year	Accumulated as at June 30, 2022	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Buildings	4,425,000	-	-	10%	186,513	-	2,746,379	1,678,621
Furniture and fixture	162,000	-	-	10%	6,839	-	100,449	61,551
Computer	96,000	-	-	10%	3,209	-	67,115	28,885
Office equipment	80,000	-	-	10%	3,399	-	49,410	30,590
Electric installation	236,000	-	-	10%	11,798	-	129,815	106,185
Vehicles	5,000,000	-	-	10%	378,000	-	1,598,000	3,402,000
June 30, 2022	9,999,000	-	-		589,758	-	4,691,168	5,307,832

4.1 Buildings include Room no. M-11 owned by company in Stock Exchange Building.

4.2 Depreciation charge for the year is included in administrative expenses (Note 21).

MSD CAPITAL EQUITIES (PRIVATE) LIMITED
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5 Intangible Asset

		2023	2022
	Note	Rupees	Rupees
Trading Right Entitlement Certificate (TREC)	5.1	2,500,000	2,500,000
Right to use room at Lahore stock exchange	5.2	2,697,000	2,697,000
		<u>5,197,000</u>	<u>5,197,000</u>

- 5.1** This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) after the merger of all the three exchanges of Pakistan in accordance with the requirements of the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 (the Act). The Company has also received shares of LSE Financial Services Limited (formerly LSE) after completion of the demutualization process.

The value to TREC is in accordance with the notice dated November 10, 2017, Ref no. PSX/N-7178, of Pakistan Stock Exchange, as per notice the notional value of the TRE certificate is Rs. 2.5 million for the purpose of Base Minimum Capital Requirement. Since then there is no change in this value.

- 5.2** This represents cost of leasehold right to use room given by PSX for a period of 99 years useful life as per notice of LSE No. LSE - 4757 dated November 12, 2009. MSD has been granted the right to use room at Lahore Stock Exchange for 99 years commencing from June 21, 2013.

6 Long Term Investment

		2023	2022
	Note	Rupees	Rupees
Investment at F.V through OCI			
LSE Financial Services Ltd. (LSE)	6.1		
Cost (843,975 ordinary shares of Rs.10 each)		-	4,749,151
Fair value adjustment		-	11,657,723
		-	16,406,874
	6.1		
LSE Ventures Limited value at date of Swap (842,810 ordinary shares of Rs.10 each)		3,516,185	-
LSE PropTech Limited value at date of Swap (295,535 ordinary shares of Rs.10 each)		1,232,966	-
		4,749,151	-
Fair Value Adjustment		4,257,662	-
		<u>9,006,813</u>	<u>16,406,874</u>

- 6.1** These represent shares of Rs.10/- each of LSE Financial Services Limited received on Corporatization, demutualization and integration of LSE. These shares were not quoted on any stock exchange. Out of 843,975 shares 506,385 shares had been kept in a blocked account. In 2023, the demerger and reverse merger scheme of LSE FSL was approved by the honorable Lahore High Court. As a result, LSE Ventures Limited, became the new parent company of LSE holding all investments and assets, whereas the real assets of the company were placed into another company named as LSE PropTech Limited. LSE FSL continued its existence but it became the wholly owned subsidiary of LSE Ventures Limited. Under the reverse merger part of the Scheme, LSE Ventures Limited (PSX Ticker: LSEVL) and LSE PropTech Limited (PSX Ticker: LSEPL) became listed companies. As part of the scheme, shareholders of the LSE FSL were allotted shares in LSE Ventures Limited and LSE PropTech Limited against their shareholding in LSE FSL as per the swap ratio of 99.862% and 69.81% respectively. Consequently, MSD Capital Equities Pvt. Ltd was allotted 842,810 shares of LSE Ventures Limited and 295,535 shares of LSE PropTech Limited against its shareholding of 843,975 shares of LSE FSL.

Out of these shares 505,686 shares of LSE Ventures Limited and 177,321 shares of LSE PropTech Limited are kept in blocked account for the purpose of Base Minimum Capital (BMC) requirement. All these shares are pledged with Pakistan Stock Exchange for the purpose of Base Minimum Capital (BMC) requirement. Fair value of the shares pledged as at 30th June, 2023 is Rs. 9,006,813.

Cost of LSE FSL shares held before the scheme is allocated to the shares of LSE Ventures Limited and LSE PropTech Limited on the basis of number of shares allotted.

7 Long Term Deposits

	2023	2022
	Rupees	Rupees
Office rent security deposit	50,000	50,000
NCCPL exposure deposit	100,000	100,000
	<u>150,000</u>	<u>150,000</u>

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8 Trade Debts

	Note	2023 Rupees	2022 Rupees
Unsecured			
Receivables against trading of shares- considered good		-	-
Receivables against trading of shares- considered doubtful		133,480	136,900
Less: Expected Credit Loss Allowance	8.2	(133,480)	(136,900)
		<u>-</u>	<u>-</u>

8.1 Trade debts at June 30, 2023 include Rs. Nil due from related parties (2022: Rs. 49,168).

8.2 Expected Credit Loss Allowance

Opening balance	136,900	23,448
Provision for the year	-	113,452
Debtors written off/recovered	(3,420)	-
	<u>133,480</u>	<u>136,900</u>

9 Advances, deposits and other receivables

	2023 Rupees	2022 Rupees
E-Clear House Deposit	58,802	152,082
	<u>58,802</u>	<u>152,082</u>

10 Short Term Investments

	2023 No. of shares	2022 No. of shares	Name of entity	2023 Rupees	2022 Rupees
	9,745	9,745	Pakistan International Bulk Terminal Limited	40,052	58,665
	25,500	25,500	Pakistan International Airlines Corporation Limited	85,680	88,485
	75,000	75,000	Adamjee Insurance Company Limited	1,697,250	2,367,000
	507,250	112,500	The Bank of Punjab	812,919	609,750
	250,000	25,000	Cynergico PK Limited (previously Byco Petroleum)	710,000	133,500
	58,500	58,500	Pakistan Petroleum Limited	3,459,690	3,949,335
	50,000	50,000	Engro Fertilizer Limited	4,126,500	4,432,000
	147,500	147,500	Engro Powergen Qadirpur Limited	3,363,000	3,329,075
	50,000	50,000	Fauji Fertilizer Company Limited	4,126,500	5,511,000
	50,000	50,000	Fauji Foods Limited	287,000	331,500
	50,000	50,000	National Bank of Pakistan	974,000	1,397,500
	121,550	110,500	Ghani Global Holdings Ltd	1,199,699	1,824,355
	150,000	150,000	Faysal Bank Limited	3,027,000	3,540,000
	100,000	-	Ghani Global Glass Limited	584,000	-
				<u>24,493,290</u>	<u>27,572,165</u>

10.1 These financial assets are measured at fair value through other comprehensive income because the financial asset is held to collect both the underlying dividend and sale proceeds through sale at fair value.

11 Income tax deducted at source

	Note	2023 Rupees	2022 Rupees
Opening Balance		892,602	711,418
Tax deducted during the year		697,094	668,866
Tax paid/adjusted during the year		(737,964)	(487,682)
Closing Balance		<u>851,732</u>	<u>892,602</u>

12 Cash and Bank Balances

	Note	2023 Rupees	2022 Rupees
Cash in hand		42,109	127,388
Bank balances pertaining to clients:			
- Current accounts		627,786	628,540
- Current accounts		343	1,064
Bank balance pertaining to the Company:			
- Deposit accounts	12.1	161,470	61,543
		<u>831,708</u>	<u>818,535</u>

12.1 These carry profit at the rate of 9.00% to 20.50% (2022: 7.50% to 9.00%) per annum.

MSD CAPITAL EQUITIES (PRIVATE) LIMITED
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13 Issued, Subscribed and Paid-up Capital

	2023	2022
	Rupees	Rupees
350,000 (2022: 350,000) ordinary shares of Rs. 100 each fully paid in cash	<u>35,000,000</u>	<u>35,000,000</u>

13.1 Reconciliation of number of shares outstanding:

Ordinary shares

Number of shares outstanding at the beginning of the year
Number of shares issued
Number of shares outstanding at the end of the year

350,000	350,000
-	-
<u>350,000</u>	<u>350,000</u>

14 Fair Value Reserve

	2023	2022
	Rupees	Rupees
Fair value gain / (loss) on:		
Shares in Pakistan Stock Exchange Limited	5,151,535	12,551,596
Short term investment	<u>(6,824,139)</u>	<u>(621,079)</u>
	<u>(1,672,604)</u>	<u>11,930,517</u>

15 Director's Loan

This represents unsecured, interest free loan given by director to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company. In line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity.

16 Deferred Tax Liability / Assets

	2023	2022
	Rupees	Rupees
Taxable / (Deductible) temporary differences		
- Accelerated tax depreciation and other provision	192,917	262,402
- Provision for doubtful receivables	(38,709)	(39,701)
- Revaluation on short term investment	(297,720)	(77,635)
- Long Term Deposits	-	(87,000)
- Tax losses	(2,179,973)	(1,744,359)
	(2,323,485)	(1,686,293)
Less: Deferred tax asset not recognized	<u>2,323,485</u>	<u>1,686,293</u>
	<u>-</u>	<u>-</u>

16.1 The deferred tax asset of Rs. 2,323,485 (2022: Rs. 1,686,293) has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilized.

17 Creditors and Accrued Expenses

	2023	2022
	Rupees	Rupees
Creditors against trading of shares	81,897	81,897
Accrued expenses	507,992	179,455
Federal Excise Duty payable and Capital Value Tax	3,882	3,882
Federal Excise Duty payable on selling and buying	<u>34,117</u>	<u>34,117</u>
	<u>627,888</u>	<u>299,351</u>

18 Contingencies and Commitments

There were no material contingencies and commitments outstanding as at the reporting date (2022: Nil).

19 Operating Revenue - Net

	2023	2022
	Rupees	Rupees
Brokerage income	57,268	39,894
Less: Federal Excise Duty	-	-
	<u>57,268</u>	<u>39,894</u>
Client commission income	-	-
	<u>57,268</u>	<u>39,894</u>

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20 Direct Cost		2023	2022
		Rupees	Rupees
PSX and CDC charges		8,797	24,360
21 Administrative Expenses		2023	2022
	Note	Rupees	Rupees
Salaries, allowances and other benefits		300,000	350,000
Auditor's remuneration	21.1	100,000	233,500
Utilities		367,633	288,970
Repairs and maintenance		372,042	606,711
Software and IT charges		25,267	-
Fine and penalties		-	100,000
Bank charges		4,090	37,271
Miscellaneous expenses		16,848	-
Depreciation	4	530,784	589,758
		1,716,664	2,206,210
21.1 Auditor's remuneration			
Audit fee		100,000	130,000
Other certification		-	103,500
		100,000	233,500
22 Other Operating Expenses		2023	2022
		Rupees	Rupees
Provision for doubtful debts		-	113,452
		-	113,452
23 Other Income		2023	2022
		Rupees	Rupees
Profit on bank account		161,447	196,187
Profit on E-clear deposit		96,962	-
Dividend income		3,768,142	4,627,405
Gain on sale of short term investment		98,086	-
Reversal of ECL		3,420	-
		4,128,057	4,823,592
24 Taxation		2023	2022
		Rupees	Rupees
Current tax:			
- Current year provision		578,198	694,610
- Prior year's adjustment		43,354	36,626
		621,552	731,236
Deferred taxation		-	-
		621,552	731,236
24.1 Income tax assessments are deemed finalized by the management up to the Tax Year 2022 as tax returns were filed under the self assessment scheme.			
24.2 Reconciliation of applicable rate and effective rate of tax has not been made as no company is assessed under section 113 and final tax regime.			
25 Capital adequacy level		2023	2022
		Rupees	Rupees
Total assets		45,366,393	56,919,077
Less: Total liabilities		(1,206,086)	(993,961)
Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
		44,160,307	55,925,116

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

MSD CAPITAL EQUITIES (PRIVATE) LIMITED
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26 Balances and Transactions with Related Parties

The related parties comprise chief executive officer, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Transactions during the year

Related party	Relationship	Nature of Transactions	2023	2022
			Rupees	Rupees
Ms. Saliha Haroon	Director	Purchase of shares	-	-
		Sale of shares	-	-
		Receipts during the year	-	-
		Payments during the year	-	-
Mr. Ali Ahmed	Chief Executive Officer	Purchase of shares	-	-
		Sale of shares	-	-
		Receipts during the year	-	-
		Payments during the year	-	-
			<u>-</u>	<u>-</u>

Balances outstanding as at June 30, 2023.

Trade debts:

Mr. Ali Ahmed	-	-
Mr. Mueed Ahmed	-	-
	<u>-</u>	<u>-</u>

Director's loan:

Mr. Mueed Ahmed	5,000,000	5,000,000
Ms. Saliha Haroon	750,000	750,000
	<u>5,750,000</u>	<u>5,750,000</u>

Creditors against trading of shares:

Ms. Saliha Haroon	-	-
Ms. Saima Haroon	-	-
Mr. Haroon Malik	-	-
Mr. Ali Ahmed	-	-
	<u>-</u>	<u>-</u>

27 Chief Executive's and Directors' Remuneration

27.1 No remuneration has been paid to the Chief Executive Officer or any Director of the Company during the year.

27.2 As per the 5th schedule to the Companies Act, 2017, an executive is defined as a person whose annual basic salary exceeds Rs. 1,200,000. As per this definition, no employee falls in the category of "executives".

28 Financial Risk Management

28.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

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 future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As there are no foreign receivables / payables of the Company, it is not exposed to currency risk.

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(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in 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 similar financial instrument traded in the market.

Fair value hierarchy

Financial instruments carried at fair value through other comprehensive income

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

2023	2022
Rupees	Rupees

The Company held following financial instruments measured at fair value on Level 1:

Financial assets - Fair value through other comprehensive income

Pakistan International Bulk Terminal Limited	40,052	58,665
Pakistan International Airlines Corporation Limited	85,680	88,485
Adamjee Insurance Company Limited	1,697,250	2,367,000
The Bank of Punjab	812,919	609,750
Cynergico PK Limited (previously Byco Petroleum)	710,000	133,500
Pakistan Petroleum Limited	3,459,690	3,949,335
Engro Fertilizer Limited	4,126,500	4,432,000
Engro Powergen Qadirpur Limited	3,363,000	3,329,075
Fauji Fertilizer Company Limited	4,126,500	5,511,000
Fauji Foods Limited	287,000	331,500
National Bank of Pakistan	974,000	1,397,500
Ghani Global Holdings Ltd	1,199,699	1,824,355
Faysal Bank Limited	3,027,000	3,540,000
Ghani Global Glass Limited	584,000	-
	<u>24,493,290</u>	<u>27,572,165</u>

The Company held following financial instruments measured at fair value on Level 3:

Financial assets - Fair value through other comprehensive income

Pakistan Stock Exchange Limited	-	16,406,874
LSE Ventures Limited	-	-
LSE PropTech Limited	4,257,662	-
	<u>4,257,662</u>	<u>16,406,874</u>

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent of deposits with banks only as reported below:

Financial assets	2023	2022
	Rupees	Rupees
Bank balance deposit account	<u>161,470</u>	<u>61,543</u>

Cash flow sensitivity analysis for variable rates

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profits for the year by Rs. 1614 (2022: Rs. 615).

(a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

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	2023	2022
	Rupees	Rupees
Long term investment	9,006,813	16,406,874
Long term deposits	150,000	150,000
Trade debts	-	-
Advances, deposits and other receivables	58,802	152,082
Short term investments	24,493,290	27,572,165
Bank balances	161,813	62,607
	33,870,718	44,343,728

The aging of trade debts as at the reporting date is as follows:

	2023	2022
	Rupees	Rupees
Past due 1 - 30 days	-	-
Past due 31 - 60 days	-	-
Past due 61 - 90 days	-	-
More than 90 days	-	-

Credit quality of bank balance

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2023	2022
	Short term	Long term		Rupees	Rupees
Bank Alfalah Limited	A1+	AA+	PACRA	789,599	691,147

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Following are the contractual maturities of financial liabilities:

Contractual maturities of financial liabilities as at June 30, 2023:

	Carrying Amount	Contractual cash flows	Less than 1 year	1-2 Years	2-5 Years
			Rupees.....		
Creditors and accrued expenses	627,888	627,888	627,888	-	-

Contractual maturities of financial liabilities as at June 30, 2022:

	Carrying Amount	Contractual cash flows	Less than 1 year	1-2 Years	2-5 Years
			Rupees.....		
Creditors and accrued expenses	299,351	299,351	299,351	-	-

Financial instruments by categories

Financial assets as at June 30, 2023

	Fair value through Profit or Loss	Fair value through OCI	Amortised Cost	Total
		Rupees	Rupees	Rupees
Long term investment	-	9,006,813	-	9,006,813
Long term deposits	-	-	150,000	150,000
Trade debts	-	-	-	-
Advances, deposits and other receivables	-	-	58,802	58,802
Short term investments	-	24,493,290	-	24,493,290
Cash and bank balances	-	-	831,708	831,708
	-	33,500,103	1,040,510	34,540,613

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Financial assets as at June 30, 2022

	Fair value through Profit or Loss	Fair value through OCI	Amortised Cost	Total
		Rupees	Rupees	Rupees
Long term investment	-	16,406,874	-	16,406,874
Long term deposits	-	-	150,000	150,000
Trade debts	-	-	-	-
Short term investments	-	-	152,082	152,082
Cash and bank balances	-	27,572,165	818,535	28,390,700
	-	<u>43,979,039</u>	<u>1,120,617</u>	<u>45,099,656</u>

Financial liabilities at amortized cost

	2023	2022
	Rupees	Rupees
Creditors and accrued expense	<u>627,888</u>	<u>299,351</u>

28.2 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

29 Capital Risk Management

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital. In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

30 Number of Employees

	2023	2022
	Numbers	Numbers
Employees as at June 30,	1	1
Average number of employees during the year	1	1

31 Authorization of Financial Statements

These financial statements have been approved and authorized for issue by the Board of Director of the Company on 01 NOV 2023

32 General

The preparation and presentation of these financial statements for the year ended June 30, 2023 is in accordance with requirements in Companies Act, 2017. Corresponding figures have been rearranged and reclassified, wherever considered necessary.


CHIEF EXECUTIVE OFFICER


DIRECTOR