

**INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

DIRECTORS' REPORT

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

Performance Overview

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

	Rupees
Operating revenue	5,577,965
Operating expenses	(16,224,253)
Operating loss	(10,646,288)
Other income	7,932,759
Loss before taxation	(2,713,529)
Taxation	3,423,278
Profit after taxation	709,749

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors which badly effected the profitability of the company and eventually PSX Index closed at 41,437 as at June 30, 2023. Moreover, higher inflation and interest rates are likely to keep the equities market under pressure during next year.

Dividend:

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

External Auditors

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

Dated:

Director

Chief Executive

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	Rupees 2023	Rupees 2022
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	2,979,305	3,450,844
Intangible assets	5	2,500,000	2,500,000
Deferred tax asset	6	3,730,838	-
Long term advances & deposits	7	7,016,000	7,016,000
		16,226,143	12,966,844
CURRENT ASSETS			
Trade receivables	8	21,277,235	25,961,575
Short term investment	9	11,861,852	16,398,209
Advances, deposits & other receivables	10	52,142,169	48,795,428
Cash & bank balances	11	3,524,977	14,243,494
		88,806,234	105,398,707
TOTAL ASSETS		105,032,377	118,365,551
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
30,000,000 (2022: 30,000,000) ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	12	200,004,000	200,004,000
Reserves		(98,282,018)	(95,931,988)
		101,721,982	104,072,012
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		937,473	9,160,750
Accrued expenses & other liabilities	13	2,372,922	5,132,789
		3,310,395	14,293,539
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		105,032,377	118,365,551

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

Note	Rupees 2023	Rupees 2022
REVENUE		
Operating revenue	15 7,054,702	11,895,252
Capital (loss) / gain on sale of securities	(159)	414,354
Unrealised loss on remeasurement of investment at fair value - through profit or loss	(1,476,578)	(6,302,848)
	5,577,965	6,006,758
Administrative expenses	16 (16,206,992)	(18,309,749)
Finance cost	17 (17,261)	(14,138)
	(16,224,253)	(18,323,887)
Operating loss	(10,646,288)	(12,317,130)
Other income	18 7,932,759	14,033,795
(Loss) / profit before taxation	(2,713,529)	1,716,665
Taxation	19 3,423,278	(1,146,528)
Profit after taxation	709,749	570,137

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

Note	Rupees 2023	Rupees 2022
Profit after taxation	709,749	570,137
<u>Other comprehensive loss for the year</u>		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income	(3,059,779)	(13,060,823)
Total comprehensive loss for the year	<u>(2,350,030)</u>	<u>(12,490,686)</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Note	Rupees 2023	Rupees 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(2,713,529)	1,716,665
Add / (less) : Items not involved in movement of fund:		
Depreciation	541,539	625,211
Capital loss / (gain) on sale of securities	159	(414,354)
Unrealised loss on remeasurement of investment at fair value - through profit or loss	1,476,578	6,302,848
Finance costs	17,261	14,138
	<u>2,035,537</u>	<u>6,527,844</u>
Cash generated (used in) / from operating activities before working capital changes	(677,993)	8,244,508
Net change in working capital	(a) (8,664,837)	(17,639,677)
	(9,342,830)	(9,395,168)
Finance costs paid	(17,261)	(14,138)
Taxes paid	(1,288,427)	(894,801)
Net cash used in operating activities	(10,648,517)	(10,304,108)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(70,000)	(89,000)
Long term advances & deposits	-	(1,310,000)
Net cash used in investing activities	(70,000)	(1,399,000)
Net decrease in cash and cash equivalents	(10,718,517)	(11,703,108)
Cash and cash equivalent at beginning of the year	14,243,494	25,946,601
Cash and cash equivalent at end of the year	20 3,524,977	14,243,494
(a) Statement of change in working capital		
(Increase) / decrease in current assets		
Trade receivables	4,684,340	(9,723,280)
Short term investment	(159)	414,354
Advances, deposits & other receivables	(2,365,873)	7,687,498
	2,318,308	(1,621,428)
Increase / (decrease) in current liabilities		
Trade payables	(8,223,277)	(10,827,076)
Accrued expenses & other liabilities	(2,759,868)	(5,191,173)
	(10,983,145)	(16,018,249)
Net change in working capital	(8,664,837)	(17,639,677)

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	<i>Reserves</i>				Total
	Issued, subscribed & paid up capital	Unappropriated loss	Unrealised gain on remeasurement of investment at fair value through other comprehensive income	Sub Total	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
Balance as at June 30, 2021	200,004,000	(96,750,801)	13,309,498	(83,441,302)	116,562,698
Profit for the year	-	570,137	-	570,137	570,137
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(13,060,823)	(13,060,823)	(13,060,823)
Balance as at June 30, 2022	200,004,000	(96,180,664)	248,675	(95,931,988)	104,072,012
Profit for the year	-	709,749	-	709,749	709,749
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(3,059,779)	(3,059,779)	(3,059,779)
Balance as at June 30, 2023	200,004,000	(95,470,915)	(2,811,104)	(98,282,018)	101,721,982

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Investment Managers Securities (Private) Limited ('the Company') was incorporated in Pakistan as a private company on August 31, 2006 under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited. The registered office situated at Suite No. 308, 3rd Floor, Continental Trade Centre, Block-8, Clifton, Karachi. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed. Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

2.2 Basis of measurement

Items in these financial statements have been measured at their historical cost except for short term investments in quoted equity securities which are carried at fair value.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

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

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

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

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

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

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

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

3.2 Intangible assets

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

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

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.2.1 Trading Right Entitlement Certificate

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

3.2.2 Pakistan Mercantile Exchange - Membership card

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

3.2.3 Computer software

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

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

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

3.3 Investment property

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

Depreciation on investment property is charged using reducing balance method in accordance with the rates specified in note 6 to these financial statements. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

3.4 Financial instruments

3.4.1 Financial assets - Initial recognition, classification and measurement

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

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

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

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

Such financial assets are initially measured at fair value.

3.4.2 Financial assets - Subsequent measurement

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

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

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

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

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

3.5 Impairment

3.5.1 Financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

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

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

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

3.5.2 Impairment of non-financial assets

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

3.6 Derecognition

3.6.1 Financial assets

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

3.6.2 Financial liabilities

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.7 Off-setting of financial assets and financial liabilities

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

3.8 Investments

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

3.9 Settlement date accounting

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

3.10 Trade debts and other receivables

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

3.11 Fiduciary assets

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

3.12 Cash and cash equivalents

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

3.13 Share capital

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

3.14 Proposed dividend and transfer between reserves

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.15 Trade and other payables

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

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

3.16 Taxation

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

i) Current

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

ii) Deferred

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

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

3.17 Provisions

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

3.18 Foreign currency transactions and translation

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

3.19 Revenue recognition

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

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

3.20 Operating and administrative expenses

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

3.21 Mark-up bearing borrowings and borrowing costs

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Office equipments	Computer equipments	Furniture & fixtures	Total
	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>
<u>Net carrying value basis</u>				
Year ended June 30, 2023				
Opening net book value (NBV)	319,085	64,415	3,067,343	3,450,844
Additions (at cost)	45,000	25,000	-	70,000
Disposals (at NBV)	-	-	-	-
Depreciation charge	(54,613)	(26,825)	(460,101)	(541,539)
Closing net book value (NBV)	309,472	62,591	2,607,242	2,979,305
<u>Gross carrying value basis</u>				
As at June 30, 2023				
Cost	1,234,315	1,192,306	6,432,375	8,858,996
Accumulated depreciation	(924,843)	(1,129,716)	(3,825,133)	(5,879,692)
Net book value (NBV)	309,472	62,591	2,607,242	2,979,305
<u>Net carrying value basis</u>				
Year ended June 30, 2022				
Opening net book value (NBV)	304,394	74,021	3,608,639	3,987,055
Additions (at cost)	71,000	18,000	-	89,000
Disposals (at NBV)	-	-	-	-
Depreciation charge	(56,309)	(27,606)	(541,296)	(625,211)
Closing net book value (NBV)	319,085	64,415	3,067,343	3,450,844
<u>Gross carrying value basis</u>				
As at June 30, 2022				
Cost	1,189,315	1,167,306	6,432,375	8,788,996
Accumulated depreciation	(870,230)	(1,102,891)	(3,365,032)	(5,338,153)
Net book value (NBV)	319,085	64,415	3,067,343	3,450,844
Depreciation rates (%)	15	30	15	

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2023	Rupees 2022
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5 INTANGIBLE ASSET

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited

5.1 2,500,000 2,500,000

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

6 DEFERRED TAX ASSETS

Deductible temporary difference

Unrealized loss on re-measurement of investment
Provision for expected credit losses
Accelerated depreciation
Carried Forward of Capital Loss
Deferred tax asset

221,487	-
3,470,273	-
38,797	-
281	-
3,730,838	-

7 LONG TERM DEPOSITS

National Clearing Company of Pakistan Limited
Central Depository Company of Pakistan Limited
Other deposits
Base minimum Capital

1,400,000	1,400,000
100,000	100,000
16,000	16,000
5,500,000	5,500,000
7,016,000	7,016,000

8 TRADE RECEIVABLES

Considered good
Considered doubtful

11,557,381	25,209,420
20,243,949	12,041,547
31,801,330	37,250,967

Allowance for expected credit loss

8.1 (11,966,458) (12,041,547)

From clearing house

19,834,872	25,209,420
1,442,363	752,155
21,277,235	25,961,575

8.1 Allowance for expected credit loss

Opening balance
Reversal for expected credit loss
Closing balance

12,041,547	20,760,595
(75,089)	(8,719,048)
11,966,458	12,041,547

8.1.1 Aging analysis

Upto 90 days
More than 90 but upto 180 days
More than 180 but upto 360 days
More than 360 days

12,157,721	7,273,399
5,806,359	9,699,109
1,870,792	8,236,912
11,966,458	12,041,547
31,801,329	37,250,967

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

8.2 Due from related parties which are not impaired and their maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

Name of related party	Amount due		Maximum amount outstanding at any time during the year	
	2023	2022	2023	2022
	-----Rupees-----			
Osama Abdul Ghani	2,059,538	1,153,823	7,301,925	1,153,823
Altaf	11,411,315	11,411,315	11,411,315	11,411,315
Abdul Qadir	5,996,245	1,217,016	33,329,686	8,696,582
Kanwal Bano	19,688,806	19,688,806	19,688,806	19,688,806
	39,155,904	33,470,960	60,320,417	29,539,211

8.2.1 Aging analysis - related party

Name of related party	1 - 90 days	91 - 180 days	181 - 360 days	More than 360 days	Total gross amount due
	-----Rupees-----				
Osama Abdul Ghani	1,911,711	147,828	-	-	2,059,538
Altaf	-	-	-	11,411,315	11,411,315
Abdul Qadir	5,996,245	-	-	-	5,996,245
	7,907,956	147,828	-	11,411,315	19,467,098

8.3 Total value of securities pertaining to clients held in the Central Depository Company **169,147,950** **227,875,794**

8.4 Value of pledge securities of clients with National Clearing Company of Pakistan Ltd **10,320,000** **18,240,000**

8.5 Value of pledge securities of clients with Financial institutions **-** **-**

8.6 *The securities are valued using market rate at the year end*

8.7 Allowance for expected credit loss is calculated on the basis of aging analysis more than 360 days and unsecured balances which ever is higher.

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2023	Rupees 2022
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9 SHORT TERM INVESTMENT

Investments at fair values through profit & loss

Shares of Pakistan Stock Exchange Limited	5,337,595	11,640,443
Unrealised loss on remeasurement of investment at fair value - through profit or loss	(1,476,578)	(6,302,848)
Market value	3,861,017	5,337,595

Investments at fair values through other comprehensive income

Shares of Pakistan Stock Exchange Limited	11,060,615	24,121,438
Unrealised loss on remeasurement of investment	(3,059,779)	(13,060,823)
Market value	8,000,836	11,060,615

GRAND TOTAL

11,861,852	16,398,209
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9.1 Shares having market value of **Rs. 11,861,852/- (2022: 16,398,290/-)** are pledged as security with PSX and NCCPL for the purpose of base minimum capital and exposure requirements.

10 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Exposure deposit	10.1 27,700,000	44,800,000
Income tax refundable	4,340,464	3,359,596
Dividend receivable	-	272,502
Advance to related party	19,688,806	-
Advance to staff	412,899	363,330
	52,142,169	48,795,428

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

11 CASH AND BANK BALANCES

Cash in hand	10,000	10,000
Cash at Bank		
<i>in call treasury accounts</i>	11.1 3,514,977	14,233,494
	3,524,977	14,243,494

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2023	Rupees 2022
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11.1 The return on these balances is 6% to 11% (2022: 6.5% to 12%) per annum on daily product basis.

11.2 **Bank balance pertains to:**

Clients	1,420,607	9,647,457
Brokerage House	2,094,370	4,586,037
	3,514,977	14,233,494

12 **ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

Number of shares				
2023	2022			
11,000,400	11,000,400	Ordinary shares of Rs. 10 each fully paid in cash	110,004,000	110,004,000
9,000,000	9,000,000	Ordinary shares of Rs. 10 each issued for consideration other than in cash.	90,000,000	90,000,000
20,000,400	20,000,400		200,004,000	200,004,000

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

12.2 **PATTERN OF SHAREHOLDING**

Name of shareholders	2023	2022	2023	2022
	Number of Shares		Percentage of Holding	
Osama Abdul Ghani	1,000,000	1,000,000	5.00%	5.00%
Altaf Yousuf	5,000,200	5,000,200	25.00%	25.00%
Abdul Qadir	9,000,100	9,000,100	45.00%	45.00%
Wasim Hyder	5,000,100	5,000,100	25.00%	25.00%
	20,000,400	20,000,400	100%	100%

During the year there were no changes in shareholdings above 5%

13 **ACCRUED EXPENSES & OTHER LIABILITIES**

Accrued expenses	203,487	15,745
Payable to dealers	1,844,972	4,453,427
Withholding tax payable	264,960	601,068
Sindh sales tax payable	59,503	62,549
	2,372,922	5,132,789

14 **CONTINGENCIES AND COMMITMENTS**

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

15 **OPERATING REVENUE**

Brokerage Commission including sales tax on services	7,993,783	13,079,367
Less: Sales tax on services	(939,081)	(1,504,706)
Net brokerage commission excluding sales tax on services	7,054,702	11,574,661
Dividend income	-	320,591
	7,054,702	11,895,252

15.1 **Brokerage Income - net of sales tax**

Equity brokerage		
- Institutional clients	3,832,189	6,325,083
- Retail clients	3,222,514	5,249,578
	7,054,702	11,574,661

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2023	Rupees 2022
16 ADMINISTRATIVE EXPENSES		
Directors' remuneration	2,400,000	2,400,000
Salaries, wages and other benefits	2,393,000	2,195,000
Rent, rates and taxes	880,610	390,000
Repair and maintenance	961,496	780,636
Telephone and communication charges	163,530	207,319
Service and transaction charges	1,986,970	3,347,030
Utility charges	622,228	468,573
Computer, software and I.T.expenses	495,958	550,200
Entertainment	634,665	602,335
Dealers' expenses & benefits	2,781,991	5,269,796
Legal and professional	236,720	225,191
Fees and subscriptions	687,540	381,050
Postage and courier	3,010	4,450
Printing and stationery	95,820	92,010
Vehicle running and travelling	144,320	168,020
Generator expenses	54,719	42,035
Auditors' remuneration	189,000	340,000
Depreciation	541,539	625,211
Penalty	350,000	-
Donation	145,000	-
Other expenses	438,877	220,893
	16,206,992	18,309,749

16.1 Remuneration of Chief Executive and Director

	2023			2022		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Managerial remuneration	-	2,400,000	-	-	2,400,000	-
Medical allowance	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	-	2,400,000	-	-	2,400,000	-
Number of persons (including those who worked part of the year)	1	3		1	3	

16.2 Auditors' remuneration

Audit services			
Annual audit fee		189,000	150,000
Certifications		-	90,000
		189,000	240,000
Non-audit services			
Other services		-	100,000
		-	100,000
		189,000	340,000

17 FINANCE COST

Bank charges	17,261	14,138
	17,261	14,138

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees 2023	Rupees 2022
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18 OTHER INCOME

From financial assets

Profit on exposure deposit	4,596,895	2,519,221
Profit on savings accounts	2,436,711	1,227,793
IPO commission	-	7,903
	7,033,606	3,754,917

From non-financial assets

Cost recoveries	824,063	1,559,830
Reversal of expected credit loss	75,089	8,719,048
	899,152	10,278,878
	7,932,759	14,033,795

19 TAXATION

Current	307,560	454,051
Prior	-	692,477
Deferred	(3,730,838)	-
	(3,423,278)	1,146,528

19.1 The numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax in current year,

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

20 CASH AND CASH EQUIVALENTS

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

Cash & bank balances	3,524,977	14,243,494
	3,524,977	14,243,494

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 FINANCIAL RISK MANAGEMENT

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

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

21.1.1 Market Risk

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

(i) Interest Rate Risk

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

(ii) Foreign Currency Risk

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

(iii) Price Risk

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

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

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Fair value (Rupees)	Hypothetical price change	Estimated fair value after hypothetical change in prices (Rupees)	Hypothetical increase / (decrease) in profit before tax (Rupees)
June 30, 2023	11,861,852	10% increase	<u>13,048,037</u>	<u>1,186,185</u>
		10% decrease	<u>10,675,667</u>	<u>(1,186,185)</u>
June 30, 2022	16,398,209	10% increase	<u>18,038,030</u>	<u>1,639,821</u>
		10% decrease	<u>14,758,388</u>	<u>(1,639,821)</u>

21.1.2 Liquidity risk

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

2023			
Carrying amount	Contractual cash flows	Upto one year	More than one year
----- (Rupees) -----			

Financial liabilities

Trade payables	937,473	937,473	937,473	-
Accrued expenses & other liabilities	2,372,922	2,372,922	2,372,922	-
	<u>3,310,395</u>	<u>3,310,395</u>	<u>3,310,395</u>	<u>-</u>

2022			
Carrying amount	Contractual cash flows	Upto one year	More than one year
----- (Rupees) -----			

Financial liabilities

Trade payables	9,160,750	9,160,750	9,160,750	-
Accrued expenses & other liabilities	5,132,789	5,132,789	5,132,789	-
	<u>14,293,539</u>	<u>14,293,539</u>	<u>14,293,539</u>	<u>-</u>

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

21.1.3 Credit risk

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

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

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

Exposure to credit risk

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

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

	Rupees 2023	Rupees 2022
Long term advances & deposits	7,016,000	7,016,000
Short term investments	11,861,852	16,398,209
Trade debts	21,277,235	25,961,575
Advances , deposits & other receivables	52,142,169	48,795,428
Cash and bank balances	3,524,977	14,243,494
	95,822,234	112,414,707

a) Credit risk exposure on trade debts

To reduce the exposure to credit risk arising from trade debts / receivable against margin financing, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts.

	June 30, 2023		June 30, 2022	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
Rupees				
Not past due	-	-	-	
Past due 1 day - 90 days	12,157,721	-	7,273,399	
Past due 91 days - 180 days	5,806,359	-	9,699,109	
Past due 181 days - 360 days	1,870,792	-	8,236,912	
Past due above 360 days	11,966,458	11,966,458	12,041,547	12,041,547
	31,801,329	11,966,458	37,250,967	12,041,547

Except as disclosed above, no provision for expected credit losses has been recognized in respect of trade debts as the security against the same is adequate or counter parties have sound financial standing.

b) Credit risk exposure on bank balances

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

Bank	Short term rating	2023	2022
		Rupees	
Habib Bank Limited	A-1+	482,643	248,488
Bank Al Habib Limited	A-1+	3,032,335	13,985,006
		3,514,977	14,233,494

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

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

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

21.2 Financial Instruments by category

21.2.1 Financial Assets

	2023			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term advances & deposits	-	-	7,016,000	7,016,000
Short term investments	3,861,017	8,000,836	-	11,861,852
Trade debts	-	-	21,277,235	21,277,235
Advances , deposits & other receivables	-	-	52,142,169	52,142,169
Cash and bank balances	-	-	3,524,977	3,524,977
	3,861,017	8,000,836	83,960,382	95,822,234

	2022			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term advances & deposits	-	-	7,016,000	7,016,000
Short term investments	5,337,595	11,060,615	-	16,398,209
Trade debts	-	-	25,961,575	25,961,575
Advances , deposits & other receivables	-	-	48,795,428	48,795,428
Cash and bank balances	-	-	14,243,494	14,243,494
	5,337,595	11,060,615	96,016,498	112,414,707

21.2.2 Financial Liabilities

	2023		
	Amortised cost	At fair value through profit or loss	Total
Trade payables	937,473	-	937,473
Accrued expenses & other liabilities	2,372,922	-	2,372,922
	3,310,395	-	3,310,395

	2022		
	Amortised cost	At fair value through profit or loss	Total
Trade payables	9,160,750	-	9,160,750
Accrued expenses & other liabilities	5,132,789	-	5,132,789
	14,293,539	-	14,293,539

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

Financial assets

		2023			
		Level 1	Level 2	Level 3	Total
<i>At fair value through profit and loss</i>					
Listed securities		3,861,017	-	-	3,861,017
		3,861,017	-	-	3,861,017
<hr/>					
		Level 1	Level 2	Level 3	Total
<i>At fair value through other comprehensive income</i>					
Listed securities		8,000,836	-	-	8,000,836
		8,000,836	-	-	8,000,836
<hr/>					
		2022			
		Level 1	Level 2	Level 3	Total
<i>At fair value through profit and loss</i>					
Listed securities		5,337,595	-	-	5,337,595
		5,337,595	-	-	5,337,595
<hr/>					
		Level 1	Level 2	Level 3	Total
<i>At fair value through other comprehensive income</i>					
Listed securities		11,060,615	-	-	11,060,615
		11,060,615	-	-	11,060,615
<hr/>					

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

23 CAPITAL

23.1 Management of capital

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

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

23.2 Capital Adequacy Level

June 30. 2023

Total Assets	105,032,377
Less: Total Liabilities	(3,310,395)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)	-
Capital Adequacy Level	23.2.1
	<u>101,721,982</u>

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

23.3 Liquid Capital Balance

Liquid Capital Balance of the Company, as at June 30, 2023, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is **Rs. 36,364,619/-**. The Statement of Liquid Capital is enclosed as Annexure A-I.

24 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties other than those disclosed elsewhere are as follows:

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

KEY MANAGEMENT PERSONNEL:

	2023	2022
Osama Abdul Ghani (Chief Executive Officer)		
<i>Transactions during the year</i>		
Brokerage Commission earned	81,244	710,727
Brokerage Commission paid	342,000	342,000
<i>Balances at year end</i>		
Brokerage Commission payable	342,000	342,000
Receivable against trading	2,059,538	1,153,823
Abdul Qadir (Director)		
<i>Transactions during the year</i>		
Brokerage Commission paid	1,908,000	1,908,000
<i>Balances at year end</i>		
Brokerage Commission payable	1,908,000	1,908,000
Receivable against trading	5,996,245	1,217,016
Wasim Hyder (Director)		
<i>Transactions during the year</i>		
Brokerage Commission paid	1,610,000	1,610,000
<i>Balances at year end</i>		
Brokerage Commission payable	1,610,000	1,610,000
Altaf Yousuf (Director)		
<i>Transactions during the year</i>		
Brokerage Commission paid	540,000	540,000
<i>Balances at year end</i>		
Brokerage Commission payable	540,000	540,000
Receivable against trading	11,411,315	11,411,315
Kanwal Bano (Director's Spouse)		
<i>Transactions during the year</i>		
Brokerage Commission earned	-	1,115
<i>Balances at year end</i>		
Receivable against trading	-	19,688,806
Short term advance	19,688,806	-

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

25 GENERAL

25.1 Number of Employees

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

2023	2022
5	5
5	5

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

Figures have been rounded off to the nearest rupee.

25.3 Authorization for Issue

These financial statements were approved by the Company's board of directors and authorised for issue on _____.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF LIQUID CAPITAL
AS ON JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	2,979,305	(2,979,305)	-
1.2	Intangible Assets	2,500,000	(2,500,000)	-
1.3	Investment in Govt. Securities			
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	Investment in Equity Securities			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	-	-	-
	ii. If unlisted, 100% of carrying value.			
1.6	Investment in subsidiaries			
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity. (i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	7,016,000	(7,016,000)	-
1.9	Margin deposits with exchange and clearing house.	27,700,000	-	27,700,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments		-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil) 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	Advances and receivables other than trade Receivables; (i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months. (ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation . (iii) In all other cases 100% of net value	4,753,363	(4,753,363)	
1.16	Receivables from clearing house or securities exchange(s) 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	1,442,363	(131,572)	1,310,791
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut			
1.17	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	583,298	-	583,298
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	11,750,933	(8,281,914)	3,469,019

	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. vi. Lower of net balance sheet value or value determined through adjustments	19,467,098	(11,499,142)	7,967,956
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	2,094,370	-	2,094,370
	ii. Bank balance-customer accounts	1,420,607	-	1,420,607
	iii. Cash in hand	10,000	-	10,000
	Subscription money against investment in IPO/ offer for sale (asset)			
1.19	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. (ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities. (iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.			
1.20	Total Assets	81,717,338	(37,161,296)	44,556,042
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products			
	iii. Payable to customers	937,473	-	937,473
	Current Liabilities			
	i. Statutory and regulatory dues	324,463		
	ii. Accruals and other payables	2,048,459	-	2,048,459
	iii. Short-term borrowings			
2.2	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements			
	Non-Current Liabilities			
	i. Long-Term financing			
2.3	ii. Other liabilities as per accounting principles and included in the financial statements			
	iii. Staff retirement benefits			
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases			
	Subordinated Loans			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:		-	-
	Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
2.5				
2.6	Total Liabilities	3,310,395	-	2,985,932
3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities		-	-
	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
3.2				
	Net underwriting Commitments			

3.3	<p>(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of:</p> <p>(i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment</p>			
	(b) in any other case : 12.5% of the net underwriting commitments			
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
3.7	<p>Repo adjustment</p> <p>In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.</p>			
3.8	<p>Concentrated proprietary positions</p> <p>If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security</p>	-	-	-
3.9	<p>Opening Positions in futures and options</p> <p>i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts</p> <p>ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met</p>	5,205,490	-	5,205,490
3.10	<p>Short sell positions</p> <p>i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts</p> <p>ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.</p>			
3.11	Total Ranking Liabilites	5,205,490	-	5,205,490
	Liquid Capital	73,201,453	(37,161,296)	36,364,619

Chief Executive Officer / Director

Nasir Javaid Maqsood Imran
Chartered Accountants

Client : Investment Managers Securities (Private) Limited
Period : For the Period of July 01, 2021 to June 30, 2022

Purpose: To verify that the Income tax expense is recorded correctly
Source: General Ledger, Financial Statements, Tax certificates
Nature: Recalculation
Timing: Within 3 months of Balance sheet date.

HEAD OF ACCOUNTS	TOTAL	NTR	FTR
PERCENTAGE OF TOTAL INCOME		100.00%	0.00%
COMMISSION	7,054,702	7,054,702	-
CAPITAL GAIN ON DISPOSAL OF SHARES OF LISTED COMPANIES	(159)	-	(159)
DIVIDEND INCOME	-	-	-
IPO COMMISSION	-	-	-
RECOVERIES	824,063	824,063	-
PROFIT ON BANK ACCOUNTS	2,436,711	2,436,711	-
PROFIT ON EXPOSURE DEPOSIT	4,596,895	4,596,895	-
	<u>14,912,213</u>	<u>14,912,372</u>	<u>(159)</u>
OPERATING EXPENSES AND FINANCE COST	16,224,253		
LESS: ACCOUNTING DEPRECIATION	(541,539)		
LESS: ALLOWANCE FOR EXPECTED CREDIT LOSS	-		
LESS: DONATION	-		
ADD: TAX DEPRECIATION	541,539		
ADD: INITIAL ALLOWANCE ON ADDITION	-		
TAXABLE EXPENSES	<u>16,224,253</u>	<u>16,224,253</u>	-
TAXABLE INCOME		(1,311,881)	(159)

INCOME FROM PROPERTY

RENT INCOME	-	-
LESS: 1/5th OF RENT FOR REPAIRS	-	-
NORMAL TAXABLE INCOME (INCOME FROM BUSINESS + INCOME FROM PROPERTY)		<u>(1,311,881)</u>

CALCUATION OF TAX LIABILITY

	TAXABLE AMOUNT		TAX AMOUNT
MINIMUM TAX PAYABLE @1.5%	5,933,881	1.25%	74,174
TAX ON BROKERAGE COMMISSION RECEIVED FROM INSTITUTIONS - MTR			
TAXABLE INCOME ATTRIBUTABLE TO COMMISSION EARNED FROM INSTITUTIONS (W1)	-		
AVERAGE RATE OF TAX (W2)	0%	-	
MINIMUM TAX OF 12% ON COMMISSION RECEIVED FROM INSTITUTIONS	1,944,884	233,386	233,386
DIFFERENCE OF MINIMUM TAX CHARGEABLE			-
TAX ON CAPITAL GAIN ON DISPOSAL OF SHARES OF LISTED COMPANIES	-		-
TAX ON DIVIDEND INCOME	-		-
TAX CHARGEABLE BEFORE ADJUSTMENT OF TAX CREDITS			<u>307,560</u>
LESS: TAX CREDIT FOR CHARITABLE DONATIONS u/s. 61			-
TAX CHARGEABLE AFTER ADJUSTMENT OF TAX CREDITS		A	<u>307,560</u>
LESS: TAX DEDUCTED AT SOURCE			
ADVANCE TAX PAID ON TELEPHONE BILLS			-
TAX WITHHELD ON DIVIDEND INCOME			-
TAX WITHHELD ON CAPITAL GAIN ON DISPOSAL OF SECURITIES			-
ADVANCE TAX PAID ON ELECTRICITY BILLS			-
ADVANCE TAX PAID ON INTERNET			-
TAX WITHHELD ON PROFIT ON EXPOSURE DEPOSIT			689,534
TAX WITHHELD ON PROFIT ON BANK ACCOUNTS			365,507
TAX WITHHELD ON COMMISSION FROM INSTITUTIONS			233,386
		B	<u>1,288,427</u>
INCOME TAX PAYABLE		A-B	(980,867)