

ZARA COMMODITIES (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

KARACHI OFFICE:

407-Commerce Centre,
Hasrat Mohani Road,
Karachi-74200

PH: 021-32638521-4 FAX: 32639843

LAHORE OFFICE:

19-B, Block G,
Gulberg III,
Lahore-54660

PH: 042-35858624-6

ISLAMABAD OFFICE:

407- Second floor
Millennium Heights
F-11/1, Islamabad

PH: 051-2224970

E-mail: audit.khi@mushtaqandco.com E-mail: audit.lhr@mushtaqandco.com

Independent auditor's report to the members of Zara Commodities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Zara Commodities (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 loss and other comprehensive income, 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.

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 those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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.
- 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 requirements of section 62 of the Futures Act, 2016 and the relevant requirements of Future Brokers (Licensing and operations) Regulations, 2018 as at the date on which the statement of financial position was prepared.

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


MUSHTAQ & CO.
Chartered accountants

Lahore

Date: 06 OCT 2023

UDIN: AR20231072478e1uvJ0S

ZARA COMMODITIES (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

EQUITY AND LIABILITIES	NOTE	2023 Rupees	2022 Restated Rupees	2021 Restated Rupees
SHARE CAPITAL AND RESERVES				
Authorized capital : 260,000 (June 30, 2022: 260,000) Ordinary shares of Rs. 100 each	6	26,000,000	26,000,000	26,000,000
Issued, subscribed and paid up capital		26,000,000	26,000,000	26,000,000
Accumulated Profit / (loss)		25,203,750	27,504,720	(3,470,947)
		51,203,750	53,504,720	22,529,053
CURRENT LIABILITIES				
Trade and other payables	7	237,301	65,000	72,934
Short term borrowings from directors	8	-	33,924,429	8,000,000
Provision for Taxation	9	1,709,865	1,707,541	45
		1,947,166	35,696,970	8,072,979
CONTINGENCIES AND COMMITMENTS				
	10	-	-	-
		53,150,916	89,201,690	30,602,032

ASSETS	NOTE	2023	2022	2021
		Rupees	Restated Rupees	Restated Rupees
NON CURRENT ASSETS				
Property and equipment	11	202,217	206,316	183,968
Long term deposits	12	1,250,000	1,250,000	1,250,000
		1,452,217	1,456,316	1,433,968
CURRENT ASSETS				
Short term Investment	13	-	35,821,120	-
Advance Income Tax	14	2,033,588	2,033,588	296,117
Deposit and Receivables	15	467,019	3,201,078	166,091
Loan and advances	16	42,675,571	-	555,848
Cash and Bank balances	17	6,522,521	46,689,588	28,150,008
		51,698,699	87,745,374	29,168,064
		53,150,916	89,201,690	30,602,032

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


CHIEF EXECUTIVE


DIRECTOR

ZARA COMMODITIES (PRIVATE) LIMITED

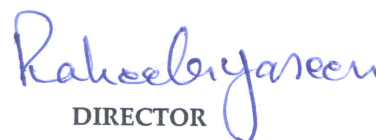
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	NOTE	2023 Rupees	2022 Restated Rupees
Operating Revenue	18	185,894	144,643
Operating and administrative expenses	19	(2,626,401)	(3,852,661)
Operating profit/(loss)		(2,440,507)	(3,708,018)
Other Income	20	142,238	36,393,529
Finance Cost	21	(377)	(2,303)
Profit/(Loss) before taxation		(2,298,646)	32,683,208
Taxation			
Tax expense	22	(2,324)	(1,707,541)
Profit / (Loss) for the year after taxation		(2,300,970)	30,975,667
Other comprehensive income for the year		-	-
Total comprehensive profit / (loss) for the year / period		(2,300,970)	30,975,667
Earning/(Loss) per share - Basic and Diluted		(0.09)	1.19

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


CHIEF EXECUTIVE


DIRECTOR


ZARA COMMODITIES (PRIVATE) LIMITED


STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Revenue Reserves	Total
		Accumulated Profit / (loss)	
-----Rupees-----			
Balance as at June 30, 2021	26,000,000	(4,220,947)	21,779,053
Security deposit on account opening	-	750,000	750,000
Balance as at June 30, 2021 - Restated	26,000,000	(3,470,947)	22,529,053
Profit/(Loss) for the year	-	30,975,667	30,975,667
Other Comprehensive income for the year	-	-	-
Balance as at June 30, 2022 - Restated	26,000,000	27,504,720	53,504,720
Balance as at July 01, 2022	26,000,000	27,504,720	53,504,720
Profit/(Loss) for the year	-	(2,300,970)	(2,300,970)
Other Comprehensive income for the year	-	-	-
Balance as at June 30, 2023	26,000,000	25,203,750	51,203,750

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


Rosean K. Singh
CHIEF EXECUTIVE


Racheel Jayarson
DIRECTOR

ZARA COMMODITIES (PRIVATE) LIMITED

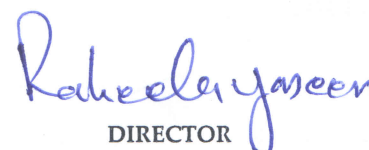
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	NOTE	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		(2,298,646)	32,683,208
Adjustments for :			
Depreciation		29,299	27,701
Finance Cost		377	2,303
		29,676	30,004
Operating profit / (loss) before working capital changes		(2,268,970)	32,713,212
Movement in working capital			
(Increase)/decrease in current assets :			
Short term Investment		35,821,120	(35,821,120)
Loans and advances		(42,675,571)	555,848
Deposit and receivables		2,734,059	(3,034,987)
Increase/(decrease) in current liabilities :			
Trade and other payables		172,301	(7,934)
Short term borrowings from directors		(33,924,429)	25,924,429
		(37,872,520)	(12,383,764)
Net cash from / (used in) operations		(40,141,490)	20,329,448
Payments for :			
Income tax - net		-	(1,737,515)
Finance Cost		(377)	(2,303)
		(377)	(1,739,818)
Net cash from / (used in) operating activities	A	(40,141,867)	18,589,630
CASH FLOWS FROM INVESTING ACTIVITIES			
Property and equipment		(25,200)	(50,050)
Long term deposits		-	-
Net cash used in investing activities	B	(25,200)	(50,050)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		-	-
Net cash from / (used in) financing activities	C	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	A+B+C	(40,167,067)	18,539,580
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		46,689,588	28,150,008
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17	6,522,521	46,689,588

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


CHIEF EXECUTIVE


DIRECTOR

ZARA COMMODITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 THE COMPANY AND ITS OPERATIONS

The company was incorporated as a private limited company in Pakistan on March 29, 2010 under the repealed Companies Ordinance 1984, now the Companies Act, 2017. The principal business of the company is brokerage of all kind of commodities as a member of Pakistan Mercantile Exchange Limited. Registered office of the company is situated at 1st floor 13, Al Hafeez view, 67/D-4 Gulberg-III, Lahore in the province of Punjab, Pakistan.

1.1 Change of Company Name

The name of the Company has been changed from EASY WAY COMMODITIES(PRIVATE) LIMITED to ZARA COMMODITIES (PRIVATE) LIMITED through a Certificate (Certificate of incorporation on change of name) issued by the Securities Exchange Commission of Pakistan (SECP) dated November 30, 2016.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standard(IFRS) issued by the International Accounting Standards Board and the Accounting Standard as notified under the Companies Act 2017, provisions of and directives issued thereunder. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies, reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have significant risk of material adjustments to the financial statements in subsequent years are discussed in relevant note.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Subsequent cost is included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income statement during the period in which they are incurred. Maintenance and normal repairs are charged to income statement as and when incurred.

Depreciation on all items of property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in relevant note.

Depreciation is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

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

4.2 Intangible assets

An intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

In assessing the probability of expected future economic benefits the Company uses reasonable and supportable assumptions that represents management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

An intangible asset is measured initially at cost. The cost of intangible asset acquired comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition. Costs incurred after the asset is in the condition necessary for it to operate in the manner intended by the management are recognized in profit or loss. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over the estimated period over which the Company expects to obtain economic benefits, on a straight line basis. All intangible assets are tested for impairment at each reporting date.

4.3 Trade debts

Trade debts are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Expected credit loss allowance is created as per IFRS-9, when identified.

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4.5 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are included in mark up accrued on loans to the extent of amount remaining unpaid, if any.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to the income statement, in the period in which these are incurred.

4.6 Taxation

Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an assets.

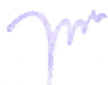
4.7 Trade and other payables

Trade and other payables are initially carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

4.8 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made of the amount of obligation.

4.9 Revenue recognition

- Revenue from rendering or providing brokerage service is recognized in accrual basis in accordance with the terms and conditions of the agreement with client when the right to receive consideration is established to the extent the services are actually rendered and performance obligation is fulfilled and associated costs and outcomes of the transaction involving the rendering of such services are measured reliably.
 - Interest income is recognized on the basis of constant periodic rate of return.
- 

ZARA COMMODITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

- Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.
- Unrealized gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealized gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

4.10 Financial Assets and Liabilities

4.10.1 Financial Assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in statement of comprehensive income.

b Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are 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 Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

4.10.2 Financial Liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and 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 profit or loss.

4.11 Impairment

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognize lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.


Off setting financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.12 Staff retirement benefits-gratuity

The company has adopted IAS 19, (Revised) "Employee Benefits". The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

The company do not operate any unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity as Company has only two employees.



ZARA COMMODITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

5 Impact of restatement

Amount of Long Term Deposits were erroneously omitted in the year ended 30 June 2021 & 30 June 2022. The management considers the impact of omission as material hence during the year the effect of this recognition in the financial statements has been applied retrospectively according to the relevant requirements of IAS-8 Accounting Policies, Changing in Accounting Estimates and errors.

The effect of restatement for each of the relevant line items of financial statement for the prior periods presented is as follows:

	Amount in 'Rupees'		
	As previously reported	As restated	Effect of restatement
Effect on Statement of Financial Position 2021			
Long term deposits	-	1,250,000	1,250,000
Share Capital and Reserves	21,779,053	22,529,053	750,000
Effect on Statement of Changes in Equity 2021			
Accumulated profit/(loss)	(4,220,947)	(3,470,947)	750,000
Effect on Statement of Financial Position 2022			
Long term deposits	-	1,250,000	1,250,000
Deposit and Receivables	1,324,025	3,201,078	1,877,053
Share Capital and Reserves	50,377,667	53,504,720	3,127,053
Effect on Statement of Profit or loss 2022			
Expected Credit Loss	98,177	-	(98,177)
Other Income	34,114,655	36,393,529	2,278,874
Effect on Statement of Changes in Equity 2022			
Accumulated profit/(loss)	24,377,667	27,504,720	3,127,053

		Note	2023 Rupees	2022 Rupees
Authorized Capital				
260,000 (June 30, 2022 : 260,000) Ordinary shares of Rs. 100 each			26,000,000	26,000,000
Issued, Subscribed and paid-up capital				
2023	2022		2023 Rupees	2022 Rupees
Number of shares				
260,000	260,000	Ordinary shares of 100 each fully paid in cash	26,000,000	26,000,000

6.2 No shares are held by associated undertaking.

	Note	2023 Rupees	2022 Rupees
Infrastructure fee payable-PMEX		15,000	-
Accrued Expenses		222,301	65,000
		<u>237,301</u>	<u>65,000</u>

	Note	2023 Rupees	2022 Rupees
Loan from Director	8.1	-	33,924,429
		-	33,924,429

9 PROVISION FOR TAXATION

Opening Balance	1,707,541	45
Add: provision for the year	2,324	1,707,541
Less: Adjusted / (paid) during the year	-	(45)
Closing balance	<u>1,709,865</u>	<u>1,707,541</u>

Contingencies and commitments as on June 30, 2023 are Rs. Nil (June 30, 2022: Rs.Nil)

11 Property and equipment

	2023	2022
	Rupees	Rupees
Operating fixed assets	202,217	206,316

PARTICULARS	2023								
	Cost				Depreciation				Written down value as at June 30, 2023
	As at July 01, 2022	Additions	Deletion	As at June 30, 2023	Rate %	As at July 01, 2022	For the year	As at June 30, 2023	
Furniture and fixture	150,000	-	-	150,000	10%	70,284	7,972	78,256	71,744
Electric Equipment	55,000	-	-	55,000	15%	34,257	3,111	37,368	17,632
Computers	175,050	25,200	-	200,250	15%	82,393	16,236	98,629	101,621
Office equipments	35,000	-	-	35,000	15%	21,800	1,980	23,780	11,220
Total Rupees	415,050	25,200	-	440,250		208,734	29,299	238,033	202,217

PARTICULARS	2022								
	Cost				Depreciation				Written down value as at June 30, 2022
	As at July 01, 2021	Additions	Deletion	As at June 30, 2022	Rate %	As at July 01, 2021	For the year	As at June 30, 2022	
Furniture and fixture	150,000	-	-	150,000	10%	61,427	8,857	70,284	79,716
Electric Equipment	55,000	-	-	55,000	15%	30,597	3,660	34,257	20,743
Computers	125,000	50,050	-	175,050	15%	69,538	12,855	82,393	92,657
Office equipments	35,000	-	-	35,000	15%	19,471	2,329	21,800	13,200
Total Rupees	365,000	50,050	-	415,050		181,033	27,701	208,734	206,316

gm

	Note	2023 Rupees	2022 Restated Rupees
12 LONG TERM DEPOSITS			
Clearing deposit		500,000	500,000
Security deposit		750,000	750,000
		<u>1,250,000</u>	<u>1,250,000</u>

13 SHORT TERM INVESTMENT IN PMEX

	Note	2023 Rupees	2022 Rupees
Investment in PMEX at fair value	13.1	-	35,821,120
		<u>-</u>	<u>35,821,120</u>

13.1 This is a short term investment in Pakistan Mercantile Exchange Company into a market making agreement to provide liquidity in the futures contact.

14 ADVANCE INCOME TAX

	Note	2023 Rupees	2022 Rupees
Opening balance		2,033,588	296,117
Add: Deducted/paid during the year		-	1,737,516
		<u>2,033,588</u>	<u>2,033,633</u>
Adjusted against provision for the year		-	(45)
Closing balance		<u>2,033,588</u>	<u>2,033,588</u>

15 DEPOSIT AND RECEIVABLES

	Note	2023 Rupees	2022 Restated Rupees
Commission receivable		324,473	249,231
Deposit-PMEX		-	2,500,000
CGT receivable from NCCPL		-	451,847
Initial Margin (House Account)		142,546	-
		<u>467,019</u>	<u>3,201,078</u>

16 LOAN AND ADVANCES

	Note	2023 Rupees	2022 Rupees
Loan to directors-Unsecured		42,675,571	-
		<u>42,675,571</u>	<u>-</u>

16.1 This loan is interest free , unsecured and is receivable on demand and discretion of the company.

16.2 Maximum aggregate amount outstanding at any time during the year calculated by reference to month end balances amount to Rs. 42,675,571. (2022: Nil)

17 CASH AND BANK BALANCES

	Note	2023 Rupees	2022 Rupees
Cash in hand		1,008,370	19,593,809
Cash at bank - current account		5,514,151	27,095,779
		<u>6,522,521</u>	<u>46,689,588</u>

gm

18 OPERATING REVENUE

	Note	2023 Rupees	2022 Rupees
Commission		185,894	144,643
		<u>185,894</u>	<u>144,643</u>

19 OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2023 Rupees	2022 Rupees
Salaries, wages and benefits		1,398,000	1,345,000
Printing and advertisement		21,950	45,299
Traveling and conveyance		52,465	54,940
Electricity expenses		233,432	181,680
Telephone expenses		12,720	12,500
Internet charges		102,350	96,200
Entertainment expenses		52,258	41,350
Repair and maintenance		67,200	64,220
Depreciation		29,299	27,701
Infrastructure fee-PMEX		15,000	-
Legal and Professional Charges		262,267	285,092
Audit Fee		75,000	65,000
Metaquotes expenses		220,380	1,556,019
Postage and courier charges		3,080	24,060
Miscellaneous expenses		81,000	53,600
		<u>2,626,401</u>	<u>3,852,661</u>

20 OTHER INCOME

	Note	2023 Rupees	2022 Restated Rupees
Other Income		142,238	36,393,529
		<u>142,238</u>	<u>36,393,529</u>

21 FINANCE COST

Bank charges	377	2,303
	<u>377</u>	<u>2,303</u>

22 TAXATION

Current Year Tax		
Current Year	2,324	1,707,541
Prior Year	-	-
	<u>2,324</u>	<u>1,707,541</u>

22.1 Provision for current tax for the year has been made in accordance with section 113 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2021.

22.2 Company has not recognized deferred tax asset amounting to Rs. 1,889,379 (2022: 2,282,141) as there are no taxable profits in the foreseeable future.

	Note	2023 Rupees	2022 Rupees
--	------	----------------	----------------

DEFERRED TAXATION

Deferred tax assets on deductible temporary differences

Turnover tax	(5,985)	(5,590)
Brought forward losses	(1,890,928)	(2,288,695)
Commission receivable	-	-
	<u>(1,896,913)</u>	<u>(2,294,285)</u>

Deferred tax liability on taxable temporary differences

Property, plant & equipment	12,673	12,144
	<u>12,636</u>	<u>12,144</u>

Deferred tax liability/ (Asset)

	<u>(1,884,277)</u>	<u>(2,282,141)</u>
--	--------------------	--------------------

Handwritten signature

23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The organization has exposures to the following risks from its use of financial instruments.

- 23.1 Credit Risk
23.2 Liquidity Risk
23.3 Market Risk

The board of directors have overall responsibility for the establishment and oversight of organization's risk management framework. The board is also responsible for developing and monitoring the organization's risk management policies.

23.1 Credit Risk

23.1.1 Exposure To Credit Risk

Credit risk is the risk of financial loss to the organization if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the other receivables, advances, deposits and prepayments and cash and bank balances. Out of total financial assets of Rs.50,915,111 (2022 : Rs. 86,961,786), financial assets which are subject to credit risk aggregate to Rs. 44,392,590 (2022 : Rs. 40,272,198). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Financial Assets	2023 Rupees	2022 Rupees
Long term deposits	1,250,000	1,250,000
Short term Investment	-	35,821,120
Loans, Advances & Receivables	42,675,571	-
Deposit and receivables	467,019	3,201,078
Cash And Bank Balances	6,522,521	46,689,588
	<u>50,915,111</u>	<u>86,961,786</u>

23.2 Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the organization's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2023						
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to Two years	Two to five years	More Than five years
-----Rupees-----							
Non - Derivative Financial Liabilities							
Trade & Other Payables	237,301	237,301	237,301	-	-	-	-
Loan from Director	-	-	-	-	-	-	-
	<u>237,301</u>	<u>237,301</u>	<u>237,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2022						
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to Two years	Two to five years	More Than five years
-----Rupees-----							
Non - Derivative Financial Liabilities							
Trade & Other Payables	65,000	65,000	65,000	-	-	-	-
Loan from Director	33,924,429	33,924,429	-	33,924,429	-	-	-
	<u>33,989,429</u>	<u>33,989,429</u>	<u>65,000</u>	<u>33,924,429</u>	<u>-</u>	<u>-</u>	<u>-</u>

23.3 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. The organization is exposed to interest rate risk only.

23.3.1 Currency Risk

Exposure To Currency Risk

The organization is exposed to currency risk on other receivables and others that are denominated in a currency other than the respective functional currency of the organization. The organization is not exposed to any currency risk as at June 30, 2023.

23.3.2 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 exposures arise from term deposit receipts. At the financial statements date the interest rate profile of the organization's interest bearing financial instrument is as follows.

	2023 Rupees	2022 Rupees
Fixed Rate Instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable Rate Instruments		
Financial assets	-	-
Financial liabilities	-	-

Fair Value Sensitivity Analysis For Fixed Rate Instruments

The organization does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash Flow Sensitivity Analysis For Fixed Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) surplus and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for June 30, 2023.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments	-	-	-	-
Cash flow sensitivity - variable rate instruments	-	-	-	-

23.4 Other Risk Price

Other risk price represents the risk that the fair value of 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 instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

23.5 Fair Value Of Financial Assets And Liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Carrying Amount					
2023			2022		
At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
-----Rupees-----					
Financial Assets					
Long term deposits	1,250,000	-	1,250,000	-	-
Short term Investment	-	-	35,821,120	-	-
Loans, Advances & Receivables	42,675,571	-	-	-	-
Deposit & Receivables	467,019	-	3,201,078	-	-
Cash & Bank Balances	6,522,521	-	46,689,588	-	-
	49,665,111	-	49,890,666	-	-

Carrying Amount					
2023			2022		
At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
-----Rupees-----					
Financial Liabilities					
Trade & other payables	237,301	-	65,000	-	-
Loan from directors	-	-	33,924,429	-	-
	237,301	-	33,989,429	-	-

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs.

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
JUNE 30, 2023				
At fair value through Profit or Loss	-	-	-	-
At fair value through other comprehensive income	-	-	-	-
JUNE 30, 2022				
At fair value through Profit or Loss	-	-	-	-
At fair value through other comprehensive income	-	-	-	-

23.6 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.

23.7 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

23.8 Off Balance sheet items

There is no off balance sheet item as at June 30, 2023.

24 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The Remuneration of chief executive, director and executives charged during the year June 30, 2023 is Rs. Nil (June 30, 2022: Rs. Nil). No employees of the company fall under the definition of executive as defined in the Companies Act, 2017.

25 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings of the company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve loan received from related parties to meet working capital requirements. The company's aggregate transactions with the related parties are as follows:

25.1 Transactions with related parties

Nature of relationship	Nature of Transaction	Shareholding %	2023 Rupees	2022 Rupees
Directors	<u>Short term Borrowing obtained</u>			
	Mr. Yaseen Akram	60.42	-	25,924,429
	<u>Short term Borrowing repaid</u>			
	Mr. Yaseen Akram	60.42	33,924,429	-
Directors	<u>Loan given to directors</u>			
	Mr. Yaseen Akram	60.42	42,675,571	-
Directors	<u>Revenue-Commision received</u>			
	Raheela Yaseen	39.58	1,822	72,727

Handwritten signature

25.2 Balances with related parties

Nature of relationship	Nature of balances
Directors	<u>Short term borrowing</u>
	Mr. Yaseen Akram
Directors	<u>Loan & Advances</u>
	Mr. Yaseen Akram

2023
Rupees

2022
Rupees

-	33,924,429
-	33,924,429

42,675,571	-
42,675,571	-

26 NUMBER OF EMPLOYEES

Total employees of the company at the year end

2023

2022

3	3
---	---

Average employees of the company during the year

3	3
---	---

27 CORRESPONDING FIGURES

Figures have been rearranged / reclassified whenever necessary for the purpose of comparison.

28 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 06 OCT 2023 by the board of directors of the organization.

29 GENERAL

Figures have been rounded off to the nearest rupees.


CHIEF EXECUTIVE


DIRECTOR