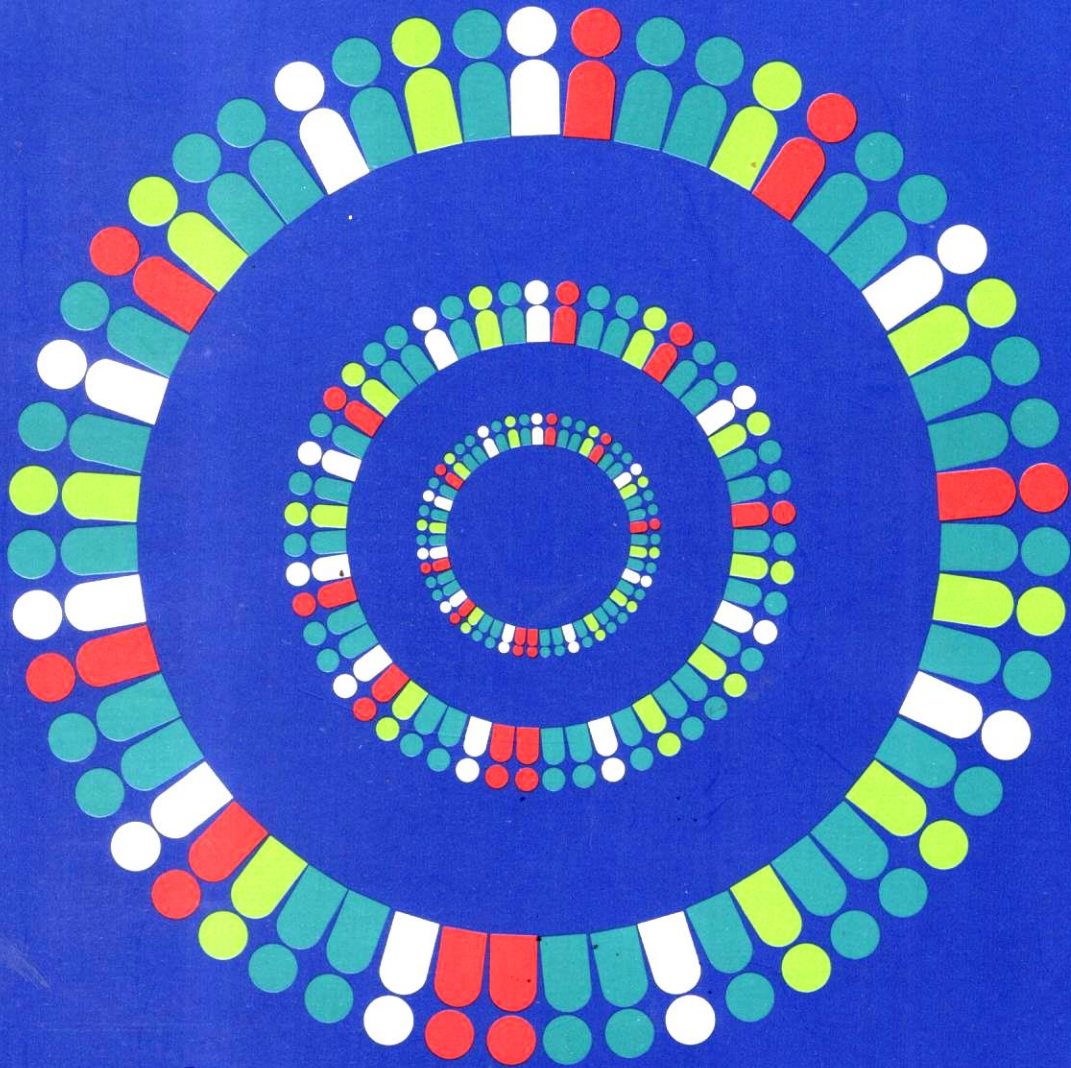


H.H Misbah Securities (Private)
Limited
Financial Statements
For the year ended
June 30, 2022



INDEPENDENT AUDITOR'S REPORT

To the members of **H.H MISBAH SECURITIES (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **H.H MISBAH SECURITIES (PRIVATE) LIMITED** ("the Company"), which comprise the statement of financial position as at **June 30, 2022** and the statement of profit or loss, the statement of changes in equity, and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and 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, the statement of changes in equity and statement of cash flow 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, 2022 and of the loss for the year then ended, the changes in equity and its cash flows for the period 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 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.

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 requirement 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 operation, 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.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**.

UHY Hassan Naeem & Co.

KARACHI

DATE: October 10, 2022

UDIN: AR202210215UTF5aIRMn

H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	28,595,079	16,987,230
Intangible assets	5	2,500,000	2,500,000
Investment at fair value through other comprehensive income	6	11,060,615	24,121,438
Long term deposits	7	1,505,858	1,505,858
		43,661,552	45,114,526
<u>CURRENT ASSETS</u>			
Trade debts - unsecured considered good	8	83,009,275	142,084,171
Investment at fair value through profit& loss	9	135,481,005	162,294,592
Advances, deposits, prepayments and other receivables	10	82,950,863	108,472,952
Cash and bank balances	11	257,763,452	151,091,420
		559,204,595	563,943,135
		<u>602,866,147</u>	<u>609,057,661</u>
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital	12.1	120,000,000	120,000,000
Issued, subscribed and paid-up capital	12.2	100,000,000	100,000,000
Surplus/(Deficit) - Investment at fair value through OCI		8,429,856	21,490,680
Unappropriated profit		194,991,433	238,469,798
Capital contribution from director		18,500,000	3,500,000
		321,921,289	363,460,478
<u>CURRENT LIABILITIES</u>			
Trade and other payable	13	280,944,858	245,597,183
		280,944,858	245,597,183
Contingencies and commitments	14	<u>602,866,147</u>	<u>609,057,661</u>

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

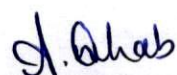

Chief Executive


Director

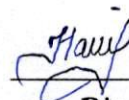
H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Revenue from contract with customers	15	81,742,875	126,079,972
Operating and administrative expenses	16	(97,030,973)	(110,039,752)
Other income	17	(25,971,933)	68,286,876
NET PROFIT/(LOSS) BEFORE TAXATION		(41,260,031)	84,327,097
Taxation	18	(2,218,334)	(8,365,843)
NET PROFIT/(LOSS) AFTER TAXATION		(43,478,365)	75,961,254

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



Chief Executive

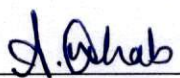


Director

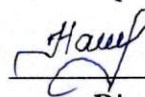
H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 (Rupees)	2021 (Rupees)
Profit/(Loss) for the year	(43,478,365)	75,961,254
Other comprehensive income:		
Unrealised gain/(loss) on revaluation of investments at fair value through other comprehensive income	(13,060,824)	13,417,618
TOTAL COMPREHENSIVE INCOME	<u><u>(56,539,190)</u></u>	<u><u>89,378,872</u></u>

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



Chief Executive



Director

H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Surplus/(Deficit) on investment at FVTOCI	Capital contribution from director	Total
<i>Rupees</i>					
Balance as at June 30, 2020	100,000,000	162,508,545	8,073,062	-	270,581,607
Net profit for the year	-	75,961,253	-	-	75,961,253
Surplus/(Deficit) on Investment at fair value through OCI	-	-	13,417,618	-	13,417,618
Balance as at June 30, 2021	100,000,000	238,469,798	21,490,680	-	359,960,478
Net profit for the year	-	(43,478,365)	-	-	(43,478,365)
Surplus/(Deficit) on Investment at fair value through OCI	-	-	(13,060,824)	-	(13,060,824)
Effect of long term loan from directors				18,500,000	18,500,000
Balance as at June 30, 2022	100,000,000	194,991,433	8,429,856	18,500,000	321,921,289

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



Chief Executive



Director

H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2022

	2022 (Rupees)	2021 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(41,260,031)	84,206,103
<u>Adjustment for non-cash items:</u>		
Depreciation	3,855,953	2,338,008
Loss allowance	3,958,849	-
Capital Gain on investment at fair value through P&L	35,434,549	(60,638,375)
Dividend income	(5,934,911)	(3,628,103)
Operating profit before working capital changes	37,314,440	(61,928,470)
<u>Changes in working capital</u>		
Decrease /(Increase) in trade debts	55,116,048	(85,156,056)
Decrease /(Increase) in advances, deposits and prepayments	24,817,684	(47,456,897)
(Decrease) / increase in trade and other payable	35,347,675	144,779,304
Net changes in working capital	115,281,407	12,166,351
Taxes paid	(1,513,928)	(1,433,914)
Net cash (used in)/generated from operating activities	109,821,888	33,010,070
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(15,463,802)	(3,689,005)
Proceeds from short term investment	(8,620,965)	(24,265,454)
Dividend received	5,934,911	3,628,103
Net cash (used in)/generated from investing activities	(18,149,856)	(24,326,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from director	15,000,000	-
	15,000,000	-
Net cash (used in)/generated from financing activities		
Net increase in cash and cash equivalent	106,672,032	8,683,714
Cash and cash equivalent at beginning of the year	151,091,420	142,407,706
Cash and cash equivalent at end of the year	257,763,452	151,091,420

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



Chief Executive


Director

HH MISBAH SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 Legal Status and Nature of Business

HH Misbah Securities (Private) limited was incorporated under the Companies Ordinance, 1984 on July 11, 2003 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no.96 & 97, 2nd floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company are investment and share brokerage.

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. 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 except Investments that are carried at fair value.

2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and have been rounded off to the nearest rupee.

2.4 Use of Estimates and Judgments

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

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

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

The estimates and judgments that have a significant effect on the financial statements that are in respect of the following:

- Property and equipment (note 4)
- Taxation (note 20)

2.5 New Accounting pronouncements

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Description effective for periods		Effective for periods beginning on or after
IAS 1	Amendments to 'IAS 1 and IFRS Practice Statement 2' Disclosure of Accounting Policies Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 01, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2023
IAS 12	Income Taxes (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IFRS 3	Business Combinations (Amendments)	January 01, 2022
IAS 41, IFRS (1, 9 and 16)	Annual improvements to IFRS Standards 2018 - 2020 (Amendments)	

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2022:

- IFRS 1 (First Time Adoption of International Financial Reporting Standards)
- IFRS 17 (Insurance Contracts)
- IFRIC 12 (Service concession arrangements)

3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Taxation

Income tax expense comprises of current, deferred and prior year tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

Current Tax

Provision for current tax is based on taxable income at the enacted or substantially enacted rates of taxation after taking in to account available tax credits and rebates, if any. The charge for current tax

includes adjustments to charge for prior years which arises from assessments/ developments made during the year, if any.

Deferred Tax

Deferred tax is recognized using balance sheet method, in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purpose. The amount of deferred tax provided is based on the expected manner of realization or settlement or the carrying amount of assets and liabilities, using the enacted or substantively enacted rates or taxation.

The company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are 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 its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Reducing Balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

3.3 Intangible Assets

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

Trading Right Entitlement Certificate (TREC)

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 when the carrying amount exceeds its estimated recoverable amount, is it written down to its estimated recoverable amount.

Software

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

Computer software is measured initially at cost and subsequently stated at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization

Intangible assets with indefinite useful lives are not amortized, instead they are systematically tested for impairment at each reporting date. Intangible assets with finite useful lives are amortized at straight line basis over the useful life of the asset (at the rate specified in note 6 to these financial statements).

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measure at cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade debts and other receivables considered irrecoverable are written off.

3.5 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

3.6 Trade and Other Payable

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.7 Revenue recognition

Brokerage Commission, corporate finance income and other income are recognized as and when services are rendered.

Dividend income is recognized when the right to receive the dividend is established

Income on exposure deposits and bank deposits is recognized on a time proportionate basis that takes in to account the effective yield.

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Contingent Liabilities

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

3.10 Financial Instruments

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

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

(a) *Financial assets measured at amortized cost:*

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

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

(b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

- (i) 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.
- (ii) It is an investment in equity instrument which is designated as at fair value through OCI in accordance with the irrevocable election available to the Company at initial recognition.

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 debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

Subsequent measurement

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest /markup income calculated using effective interest rate method, and impairment are recognized in the statement of profit and loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never classified to the profit and loss account.

Financial asset at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest/markup or dividend income, are recognized in the statement of profit and loss account.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/ markup income, and impairment are recognized in the statement of profit and loss account.

Non Derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the company becomes party to the respective contractual provisions. Non-derivative financial asset comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The company derecognizes the financial asset. When the contractual rights to the cash flows from the asset expires or it transfer the right to receive the contractual cash flow in a transaction in which substantially all risk and rewards of ownership of the financial assets are transferred or it neither transferred nor retain substantially all the of the risk and rewards of ownership and does not retain control over the transferred asset.

Offsetting of financial assets and financial liabilities

Financial Assets and financial liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset and the company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statement only when permitted by the accounting and reporting standards as applicable in Pakistan.

Financial Liabilities

Financial Liabilities are initially recognized on trade date i.e. the date on which the company becomes party to thee respective contractual provisions. Financial Liabilities include markup bearing borrowings and trade and other payables. The company derecognizes the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than fair value through profit and loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

Impairment

Financial assets

The company recognized loss allowances for Expected Credit Losses (ECLs) in respect of financial asset measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 month ECLs:

- Debt securities that are determined to have low credit risk at reporting date; and
- Other debt securities and bank balances 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 allowance for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of 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 in the company's historical experience and informed credit assessment and including forward- looking information.

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

The gross carrying amount of financial asset is written off when the company has no reasonable expectations of recovering of a financial asset in its entirety or a proportion thereof. The company individually makes an assessment with respect to the timing and amount of write-off based on whether there is 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 the recovery of amounts due.

Non- financial assets

The carrying amounts of company's non- financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if such indication exists, the asset's recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together in to smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

H.H MISBAH SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. PROPERTY & EQUIPMENT

	Office Building	Office Equipments	Computers	Motor Vehicle	Total
Cost	21,000,000	1,388,840	2,686,228	4,305,000	29,380,068
Accumulated depreciation	(8,559,476)	(723,307)	(2,030,723)	(1,079,332)	(12,392,838)
Carrying amount at July 1, 2021	12,440,524	665,533	655,505	3,225,668	16,987,230
Additions	10,100,000	629,979	946,823	3,787,000	15,463,802
Disposals - cost	-	-	-	-	-
Depreciation charge for the year	(2,352,500)	(270,076)	(492,952)	(740,425)	(3,855,953)
Disposals - Accumulated depreciation	-	-	-	-	-
Carrying amount at June 30, 2022	20,188,024	1,025,436	1,109,376	6,272,243	28,595,079

The carrying amount as at June 30, 2022 is aggregate of:

Cost	31,100,000	2,018,819	3,633,051	8,092,000	44,843,870
Accumulated depreciation	(10,911,976)	(993,383)	(2,523,675)	(1,819,757)	(16,248,791)
	20,188,024	1,025,436	1,109,376	6,272,243	28,595,079

Rate of depreciation per annum (%)	5%	10%	30%	20%
------------------------------------	----	-----	-----	-----

2022
(Rupees)

2021
(Rupees)

5. INTANGIBLE ASSETS

Trading Right Entitlement Certificate (TREC)

Impairment - TREC

5,000,000	5,000,000
(2,500,000)	(2,500,000)
2,500,000	2,500,000

- 5.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once the company intending to carry out shares brokerage business in the manner to be prescribed.

6. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in shares of Pakistan Stock Exchange	6.1	11,060,615	24,121,438
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- 6.1 This represents 1,081,194 (2021: 1,081,194) shares of Pakistan Stock Exchange Limited. These shares are pledge with PSX against Base minimum capital.

2022
(Rupees)

2021
(Rupees)

7. LONG-TERM DEPOSITS

Deposit in NCCPL - Basic Deposit
Deposit in NCCPL - Ready Market
Deposit in NCCPL - Future Market
Central Depository Company
Other deposits

200,000	200,000
200,000	200,000
1,000,000	1,000,000
100,000	100,000
5,858	5,858
1,505,858	1,505,858

		2022 (Rupees)	2021 (Rupees)
8. TRADE DEBTS			
Trade debts- client	8.1	101,009,275	156,125,323
less: Loss Allowance	8.2	(18,000,000)	(14,041,151)
		<u>83,009,275</u>	<u>142,084,172</u>
8.1 Aging Analysis			
Less than one year		15,461,300	142,641,710
More than one year		85,547,976	13,483,613
		<u>101,009,275</u>	<u>156,125,323</u>
8.2 Loss Allowance			
Opening		14,041,151	14,041,151
Provision recorded during the year		3,958,849	-
Less: Write off during the year		-	-
		<u>18,000,000</u>	<u>14,041,151</u>
8.1. This includes Rs. 47,772,849 balances due from related parties			
9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT			
Investment in quoted securities	9.1.	<u>135,481,005</u>	<u>162,294,592</u>
9.1 Investment in various equity shares carried at market value.			
9.2 This includes securities amounting to Rs. 62,655,115 shares pledge against Base Minimum Capital, exposure.			
10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance tax		-	1,433,915
Income tax refundable		21,657,458	20,927,949
Exposure Deposit		58,181,338	79,458,699
Nccpl's Future market profit and loss deposit		3,042,067	6,547,390
Advances to employees		70,000	105,000
		<u>82,950,863</u>	<u>108,472,953</u>
11. CASH AND BANK BALANCES			
Cash in hand		-	20,825
Cash at bank - Current		257,763,452	151,070,595
		<u>257,763,452</u>	<u>151,091,420</u>
11.1 This include balances amounting to Rs. 248,688,981 pertaining to clients.			

12. SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

2022	2021		2022 (Rupees)	2021 (Rupees)
Number of Shares				
<u>1,200,000</u>	<u>1,200,000</u>	ordinary shares of Rs. 100 each	<u>120,000,000</u>	<u>120,000,000</u>

ISSUED SUBSCRIBED AND PAID-UP

2022	2021		2022	2021
<u>300,000</u>	<u>300,000</u>	Ordinary shares of Rs. 100 each full paid in cash	<u>30,000,000</u>	<u>30,000,000</u>
<u>450,000</u>	<u>450,000</u>	Ordinary shares of Rs. 100 each issued as bonus shares	<u>45,000,000</u>	<u>45,000,000</u>
<u>250,000</u>	<u>250,000</u>	Ordinary shares of Rs. 100 each fully issued for consideration other than cash	<u>25,000,000</u>	<u>25,000,000</u>

Pattern of Shareholding

Shareholders	No of Shares	Percentage of Holding	
Abdul Wahab	250,000	25%	25%
Muhammad Hanif	650,000	65%	65%
Gul Muhammad Usmani	100,000	10%	10%
	<u>1,000,000</u>	<u>100%</u>	<u>100%</u>

13. TRADE AND OTHER PAYABLE

	2022 (Rupees)	2021 (Rupees)
Credit balances of clients	248,688,981	146,396,129
Clients future profit held	16,213,944	38,920,465
Accrued expenses and other payables	15,791,933	37,560,591
Tax Payable	-	3,179,051
Salary Payable	-	19,340,948
Auditor remuneration	250,000	200,000
	<u>280,944,858</u>	<u>245,597,183</u>

13.1	Credit balances of clients held by the company	<u>248,688,981</u>	<u>146,396,129</u>
13.2	Number of Securities of client held by the company	<u>159,429,009</u>	<u>146,836,529</u>
13.3	Number of Securities of clients is pledged with Financial Institution.	<u>296,268</u>	<u>151,968</u>
13.4	No Securities of the company is pledged with Financial Institution.		

14. CONTINGENCIES AND COMMITMENTS

14.1. The return for 2017 was amended by deputy commissioner inland revenue creating tax demand of Rs 30,583,134. The company filed appeal before CIT(A) that is still pending. The company expects favourable outcome and therefore no provision is made against the said addition.

14.2. There were no contingencies and commitment as at 30th June 2022.

15. REVENUE FROM CONTRACT WITH CUSTOMERS

		2022 (Rupees)	2021 (Rupees)
Brokerage income	15.1	81,742,875	126,079,972
15.1 Gross Income		93,957,328	144,919,508
less: Sales tax		(12,214,453)	(18,839,536)
Net Brokerage Income		81,742,875	126,079,972

16. OPERATING AND OTHER EXPENSES

Salaries, benefits and allowance	16.1	62,495,660	74,893,189
Printing and stationery		245,526	219,985
Utilities		870,129	705,657
Communication expenses		726,395	790,953
Rent, rates and taxes		56,300	178,975
Transaction Charges		3,885,579	2,791,600
Fees and subscription		111,845	576,435
Entertainment and sales promotion		864,770	723,040
Repair and maintenance		23,405	235,310
Legal and Professional Charges		735,680	378,280
Software expenses		999,800	958,315
Dealer's Commission		15,346,518	22,486,429
Depreciation	4	3,855,953	2,338,008
Loss allowance		3,958,849	-
Bank Charges		4,535	19,705
Auditor's Remuneration	16.2	250,000	200,000
Donations	16.3	2,475,000	2,500,000
Miscellaneous expenses		125,029	43,873
		97,030,973	110,039,752

16.1 This includes Remuneration to director amounting to Rs. 14,847,261.

16.2 Auditor's Remuneration

-Annual audit fee

250,000	200,000
250,000	200,000

16.3 Donations

Name of Donees received donation of Rs. 500,000/- or more.

Names of Donees

1. Saylani welfare trust
2. SIUT Pakistan
3. Indus hospital
4. Dawat-e-islami

	2022 (Rupees)	2021 (Rupees)
17. OTHER INCOME		
Realized Gain/(loss) on securities Held for Trading	(35,434,549)	60,638,375
Profit on Cash Margin	2,017,585	2,540,310
Profit on Bank deposit	33	-
IPO	359,233	253,486
Dividend income	5,934,911	3,628,103
Other income	1,150,854	1,226,601
	(25,971,933)	68,286,876

18. TAXATION		
Provision for taxation		
Current		
- Current year	1,920,132	8,365,843
- Prior year	298,202	-
	2,218,334	8,365,843
Deferred		
Net tax charge	18.1	-
	2,218,334	8,365,843

The deferred tax asset amounting to 10.6 million (2021: 4.4 million) was not recognized as the company is suffering from operating losses.

18.1 Relationship between tax expense and accounting profit

Profit/(loss) before taxation	(41,260,031)	84,327,097
Tax at the applicable rate 29% (2021:29%)	(11,965,409)	24,454,858
Tax effect of income taxed under FTR	7,681,638	(16,313,040)
Deferred tax asset not recognised	6,203,903	224,025
Prior year tax adjustment	298,202	-
	2,218,334	8,365,843

19. CAPITAL ADEQUACY LEVEL

Total Assets	602,866,147	609,057,661
Less: Total Liabilities	(280,944,858)	(245,597,183)
Less: Revaluation Reserves	-	-
Capital Adequacy Level	321,921,289	363,460,478

While determining the value of total assets of TREC holder, the Notional value of the TREC held by H.H Misbah Securities (Private) Limited as at year ended 30th June 2022 determined by Pakistan Stock Exchange has been considered.

20 LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	28,595,079	28,595,079	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
	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.	-	-	-
	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	-	-	-
	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.	114,918,629	18,758,662	96,159,967
	ii. If unlisted, 100% of carrying value.	-	-	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	31,337,098	31,337,098	-
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.	1,500,000	1,500,000	-
1.9	Margin deposits with exchange and clearing house.	58,181,338	-	58,181,338
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	5,858	5,858	-
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. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months PLUS ii. Advance tax to the extent it is netted with provision of taxation. iii. Receivables other than trade receivables	21,727,458	21,727,458	-
	Receivables from clearing house or securities exchange(s)	-	-	-
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	claims on account of entitlements against trading of securities in all markets including MtM gains.	3,042,067	-	3,042,067
	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>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-

	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	-	-
	ii. Net amount after deducting haircut			
1.17	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			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	34,804,167	-	34,804,167
	iv. Balance sheet value			
	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.	18,432,260	18,032,194	400,066
	v. Lower of net balance sheet value or value determined through adjustments			
	vi. 100% haircut in the case of amount receivable from related parties.	47,772,849	47,772,849	-
	Cash and Bank balances	-	-	-
1.18	i. Bank Balance-proprietary accounts	8,963,074	-	8,963,074
	ii. Bank balance-customer accounts	248,800,378	-	248,800,378
	iii. Cash in hand	-	-	-
1.19	Total Assets	620,580,254		450,351,057
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	248,688,981	-	248,688,981
	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	16,041,933	-	16,041,933
	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 bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	16,213,944	-	16,213,944
	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituon: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
2.3	iii. 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. Boad 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.			
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Subordinated Loans			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period, b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	18,500,000	18,500,000	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	299,444,858		280,944,858
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 financees.	-	-	-
Concentration in securities lending and borrowing				
3.2	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	-	-	-
Net underwriting Commitments				
3.3	(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: (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	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
Negative equity of subsidiary				
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
Foreign exchange agreements and foreign currency positions				
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
Repo adjustment				
3.7	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 securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
Concentrated proprietary positions				
3.8	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	-	-	-
Opening Positions in futures and options				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	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 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.	-	-	-
3.11	Total Ranking Liabilities	-	-	-
		321,135,396	Liquid Capital	169,406,199

21 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

21.1 Financial instrument by category

21.1.1 Financial assets

2022			
At fair value through profit or loss	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	1,505,858	1,505,858
Investment at fair value through OCI	11,060,615	-	11,060,615
Investment at fair value through P&L	-	-	-
Trade debts	-	83,009,275	83,009,275
Advances, deposits and prepayments	-	82,950,863	82,950,863
Bank balances	-	257,763,452	257,763,452
135,481,005	11,060,615	425,229,448	571,771,068

2021			
At fair value through profit or loss	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	1,505,858	1,505,858
Investment at fair value through OCI	24,121,438	-	24,121,438
Investment at fair value through P&L	-	-	-
Trade debts	-	142,084,171	142,084,171
Advances, deposits and prepayments	-	108,472,952	108,472,952
Bank balances	-	151,091,420	151,091,420
162,294,592	24,121,438	403,154,401	589,570,432

21.1.2 Financial Liabilities at Amortized Cost

2022	
Amount	Total
Trade and other Payables	280,944,858
280,944,858	280,944,858

	2021	
	Amount	Total
Trade and other Payables	245,597,183	245,597,183
	245,597,183	245,597,183

21.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees of risk.

The Board of Directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk
Operational risk

21.2.1 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 fulfil their obligations.

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. The company allows to trade in future contracts after taking appropriate margins.

Credit risk is minimised due to the fact that the company invests only in high quality financial assets, 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 as follows:

	2022	2021
	Rupees	
Long term deposits	1,505,858	1,505,858
Investment at fair value through OCI	11,060,615	24,121,438
Investment at fair value through P&L	135,481,005	162,294,592
Advances, deposits, prepayment and other receivable	61,293,405	86,111,089
Trade debts	83,009,275	142,084,171
Bank Balances	257,763,452	151,070,595
	<u>550,113,610</u>	<u>261,165,080</u>

21.2.1.1 Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2022	2021
	<i>Rupees</i>	
AAA	233,219,116	149,695,097
AA+	19,865,020	375,895
AA-	4,610,492	967,238
A+	27,823	27,792
A	36,428	-
Others**	4,573	4,573
	<u>257,763,452</u>	<u>151,070,595</u>

The credit rating agency are PACRA and JCR-VIS.

** The amount is kept in Summit bank. The rating of Summit Bank is suspended

21.2.2 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 asset. 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 positions due to dynamic nature of business.

2022					
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	280,944,858	280,944,858	280,944,858	-	-
Loan from Directos	-	-	-	-	-
	<u>280,944,858</u>	<u>280,944,858</u>	<u>280,944,858</u>	<u>-</u>	<u>-</u>
2021					
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	245,597,183	245,597,183	245,597,183	-	-
Loan from Directors	3,500,000	3,500,000	-	3,500,000	-
	<u>249,097,183</u>	<u>249,097,183</u>	<u>245,597,183</u>	<u>3,500,000</u>	<u>-</u>

On the balance sheet date, the company has cash and bank balances of Rs 257.76 million (2021: 151.09 million) and investments of Rs 146.54 million (2021: 186.41 million) for repayment of liabilities

21.2.3 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 change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

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 risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instrument traded in the market.

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made through surplus funds.

The company is exposed to other price risk on investment in listed shares. The company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2022	<u>13,548,101</u>	<u>(13,548,101)</u>
as at 30th June 2021	<u>16,229,459</u>	<u>(16,229,459)</u>

21.3 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 value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

The company annually hold listed assets amounting to Rs 146.54 million (2021: 186.41 million) that are recorded at quoted price.

21.4 Capital risk management

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.

22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related Parties Comprise of associated companies , directors, key management personnel and close family members of the directors. Transactions with related parties may be carried out at negotiated rates. Remuneration and benefits to executives of the company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Name of the related Party	Relationships	Transactions / Balances	2022 (Rupees)	2021 (Rupees)
Abdul Wahab	Director	Remuneration	4,949,087	5,256,353
Gul Muhammad Usmani	Director	Remuneration	4,949,087	5,256,353
Muhammad Hanif Majour	Director	Remuneration	4,949,087	5,256,353
			14,847,261	15,769,059
Abdul Wahab	Director	Long term loan	16,000,000	1,000,000
Gul Muhammad Usmani	Director	Long term loan	2,500,000	2,500,000
			18,500,000	3,500,000
Abdul Wahab	Director	Trade debts	918,969	789,447
Gul Muhammad Usmani	Director	Trade debts	19,432,402	24,516,826
Muhammad Hanif Majour	Director	Trade debts	27,421,478	29,840,910
			47,772,849	55,147,183
			81,120,110	74,416,242

23. NUMBER OF EMPLOYEES

Total number of employees at 30 June.

Number of employees

19

19

24. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 07 OCT 2022 by the Board of Directors of the company.

25. GENERAL

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.



Chief Executive



Director