



HH MISBAH SECURITIES (PVT) LTD.

TREC HOLDER - PAKISTAN STOCK EXCHANGE LTD.

DIRECTOR'S REPORT

On behalf of the Board of Directors I am pleased to present the Annual report together with the company's Audited Financial Statement and Auditors Report for the Financial year ended 30th June 2023. The Summarized results for the year ended 30th June 2023 are as under:

Financial results	2023
Operating Revenue	63,689,651
Loss before Taxation	(7,118,310)
Taxation	(1,616,719)
Loss after Tax	(8,735,029)

AUDITORS:

The auditors M/S UHY Hassan Naeem & co retire at the conclusion of the meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Directors appreciate assistance and co-operation extended by customers and employees of the company.

For and on behalf of the Board

Chief Executive

Date: October 7, 2023

Karachi

Director

HEAD OFFICE

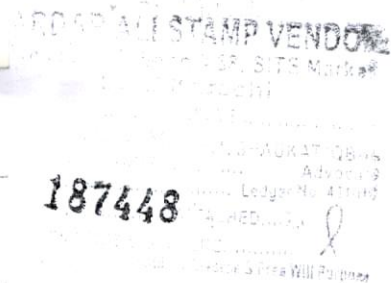
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ATTESTED
GHULAM HARIS
A.L.B. (Advocate)

Abdul Wahab
Chief Executive Officer

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, 2023** 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, 2023 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 7, 2023

UDIN: AR202310215DmwnaGMbA

H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 (Rupees)	2022 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	24,206,863	28,595,079
Intangible assets	5	2,500,000	2,500,000
Investment at fair value through other comprehensive income	6	8,000,836	11,060,615
Long term deposits	7	1,500,000	1,505,858
		36,207,699	43,661,552
<u>CURRENT ASSETS</u>			
Trade debts - unsecured considered good	8	118,220,707	83,009,275
Investment at fair value through profit& loss	9	104,994,569	135,481,005
Advances, deposits, prepayments and other receivables	10	94,748,606	82,950,863
Cash and bank balances	11	87,920,261	257,763,452
		405,884,143	559,204,595
		<u>442,091,842</u>	<u>602,866,147</u>
<u>SHARE CAPITAL AND RESERVES</u>			
Authorized capital	12.1	<u>120,000,000</u>	<u>120,000,000</u>
Share capital			
Issued, subscribed and paid-up capital	12.2	<u>100,000,000</u>	<u>100,000,000</u>
Capital Reserves			
Surplus/(Deficit) - Investment at Fair value through OCI		5,370,077	8,429,856
Capital contribution from director		18,500,000	18,500,000
Revenue reserves			
Accumulated Profit/(Loss)		186,256,404	194,991,433
		310,126,481	321,921,289
<u>NON-CURRENT LIABILITIES</u>			
Staff Retirement Benefits - Gratuity	13	3,757,566	-
<u>CURRENT LIABILITIES</u>			
Trade and other payable	14	<u>107,901,140</u>	<u>268,090,203</u>
Short term loan	15	<u>20,306,655</u>	<u>12,854,655</u>
		128,207,795	280,944,858
Contingencies and commitments	16	<u>442,091,842</u>	<u>602,866,147</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, 2023

	Note	2023 (Rupees)	2022 (Rupees)
Revenue from contract with customers	17	63,689,651	81,742,875
Operating and administrative expenses	18	(84,850,333)	(97,030,973)
Other income	19	14,042,372	(25,971,933)
NET PROFIT/(LOSS) BEFORE TAXATION		<u>(7,118,310)</u>	<u>(41,260,031)</u>
Taxation	20	(1,616,719)	(2,218,334)
NET PROFIT/(LOSS) AFTER TAXATION		<u><u>(8,735,029)</u></u>	<u><u>(43,478,365)</u></u>

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, 2023

	2023 (Rupees)	2022 (Rupees)
Profit/(loss) for the year	(8,735,029)	(43,478,365)
Other Comprehensive Income/ Loss		
Items that will not be subsequently reclassified in profit or loss		
Unrealised gain/ (loss) on revaluation of investments at fair value through other comprehensive income	(3,059,779)	(13,060,824)
	(3,059,779)	(13,060,824)
TOTAL COMPREHENSIVE INCOME/ (LOSS)	(11,794,808)	(56,539,189)

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, 2023

	Share capital	Capital Reserves			Revenue Reserves	Total
	Issued, Subscribed and Paid-up Capital	Surplus/ (Deficit) - Investment (FVTOCI)	Capital contribution from director	Accumulated Profit/ (Loss)		
<hr/> <i>Rupees</i> <hr/>						
Balance as at July 01, 2021	100,000,000	21,490,680	-	238,469,798	359,960,478	
Net (loss) for the year	-	-	-	(43,478,365)	(43,478,365)	
Other comprehensive loss	-	(13,060,824)	-	-	(13,060,824)	
Effect of discounting of long term loan from directors	-	-	18,500,000	-	18,500,000	
Balance as at June 30, 2022	100,000,000	8,429,856	18,500,000	194,991,433	321,921,289	
Net Profit for the year	-	-	-	(8,735,029)	(8,735,029)	
Other comprehensive loss	-	(3,059,779)	-	-	(3,059,779)	
Balance as at June 30, 2023	100,000,000	5,370,077	18,500,000	186,256,404	310,126,481	

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, 2023

	2023 (Rupees)	2022 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(7,118,310)	(41,260,031)
<u>Adjustment for non-cash items:</u>		
Depreciation	5,182,565	3,855,953
Expected credit loss/(Reversal of expected credit loss)	(5,868,400)	3,958,849
Gratuity expense	3,757,566	-
Capital Gain on investment at fair value through P&L	6,162,060	35,434,549
Dividend income	(5,688,078)	(5,934,911)
Operating profit before working capital changes	3,545,713	37,314,440
<u>Changes in working capital</u>		
Decrease /(Increase) in trade debts	(29,343,032)	55,116,048
Decrease /(Increase) in long term deposits	5,858	-
Decrease /(Increase) in advances, deposits and prepayments	(12,361,694)	24,817,684
(Decrease) / increase in trade and other payable	(160,189,063)	22,493,020
Net changes in working capital	(201,887,931)	102,426,752
Taxes paid	(1,052,768)	(1,513,928)
Net cash (used in)/generated from operating activities	(206,513,296)	96,967,233
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(794,349)	(15,463,802)
Proceeds from short term investment	24,324,376	(8,620,965)
Dividend received	5,688,078	5,934,911
Net cash (used in)/generated from investing activities	29,218,105	(18,149,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan	7,452,000	12,854,655
Capital contribution from director	-	15,000,000
	7,452,000	27,854,655
Net cash (used in)/generated from financing activities		
Net increase in cash and cash equivalent	(169,843,191)	106,672,032
Cash and cash equivalent at beginning of the year	257,763,452	151,091,420
Cash and cash equivalent at end of the year	87,920,261	257,763,452

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


Chief Executive


Director

H.H MISBAH SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4. PROPERTY & EQUIPMENT

	2023				
	Office Building	Office Equipment	Computers	Motor vehicles	Total
	(Rupees)				
As at July 01, 2022					
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)
Net book value at the beginning of the year	20,188,024	1,025,436	1,109,376	6,272,243	28,595,079
Changes during the year					
Additions during the year	-	74,199	601,590	118,560	794,349
Disposals - cost	-	-	-	-	-
Depreciation charge for the year	(3,110,000)	(309,640)	(540,233)	(1,222,692)	(5,182,565)
Disposals - Accumulated depreciation	-	-	-	-	-
Net book value at the end of the year	17,078,024	789,995	1,170,733	5,168,111	24,206,863
Analysis of net book value					
As at June 30, 2023					
Cost	31,100,000	2,093,018	4,234,641	8,210,560	45,638,219
Accumulated depreciation	(14,021,976)	(1,303,023)	(3,063,908)	(3,042,449)	(21,431,356)
Net book value at the end of the year	17,078,024	789,995	1,170,733	5,168,111	24,206,863
Depreciation rate (% per annum)	10%	15%	30%	15%	

	2022				
	Office Building	Office Equipment	Computers	Motor vehicles	Total
	(Rupees)				
As at July 01, 2021					
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)
Net book value at the beginning of the year	12,440,524	665,533	655,505	3,225,668	16,987,230
Changes during the year					
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	-	-	-	-	-
Net book value at the end of the year	20,188,024	1,025,436	1,109,376	6,272,243	28,595,079
Analysis of net book value					
As at June 30, 2022					
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)
Net book value at the end of the year	20,188,024	1,025,436	1,109,376	6,272,243	28,595,079
Depreciation rate (% per annum)	10%	15%	30%	15%	

5. INTANGIBLE ASSETS

	2023	
	TREC	Total
 (Rupees)	
As at July 01, 2022		
Cost	2,500,000	2,500,000
Accumulated ammortization	-	-
Net book value at the beginning of the year	2,500,000	2,500,000
Addition during the year		-
Write off	-	-
Disposals - cost	-	-
Ammortization for the year	-	-
Disposals - Accumulated ammortization	-	-
Net book value at the end of the year	2,500,000	2,500,000
Analysis of Net Book Value		
Cost	2,500,000	2,500,000
Accumulated ammortization	-	-
Net book value as at June 30, 2023	2,500,000	2,500,000
Rate of ammortization per annum (%)	N/A	

	2022	
	TREC	Total
 (Rupees)	
As at July 01, 2021		
Cost	2,500,000	2,500,000
Accumulated ammortization	-	-
Net book value at the beginning of the year	2,500,000	2,500,000
Addition during the year	-	-
Disposals - cost	-	-
Ammortization for the year	-	-
Disposals - Accumulated ammortization	-	-
Net book value at the end of the year	2,500,000	2,500,000
Analysis of Net Book Value		
Cost	2,500,000	2,500,000
Accumulated ammortization	-	-
Net book value as at June 30, 2022	2,500,000	2,500,000
Rate of ammortization per annum (%)	N/A	

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 8,000,836 11,060,615

- 6.1 This represents 1,081,194 (2022: 1,081,194) shares of Pakistan Stock Exchange Limited. These shares are pledge with PSX agianst Base minimum capital.

7. LONG TERM DEPOSITS

Deposits with:

- National Clearing Company of Pakistan Limited
- Central Depository Company
- Other

1,400,000	1,400,000
100,000	100,000
-	5,858
<u>1,500,000</u>	<u>1,505,858</u>

8. TRADE DEBTS

Trade debts	8.1	<u>130,352,307</u>	101,009,275
less: Loss Allowance	8.2	<u>(12,131,600)</u>	(18,000,000)
		<u>118,220,707</u>	<u>83,009,275</u>

8.1 The aging analysis of trade debts are as follows:

Past due 1 - 30 days	86,435,356	58,014,720
Past due 31 - 180 days	31,197,832	4,510,353
Past due 181 days - 1 year	693,881	3,235,912
More than one year	12,025,238	35,248,290
	<u>130,352,307</u>	<u>101,009,275</u>

8.2 Provision for expected credit loss

Opening	18,000,000	14,041,151
Provision recorded during the year	-	3,958,849
Less: Provision reversed during the year	(5,868,400)	-
Less: Write off during the year	-	-
	<u>12,131,600</u>	<u>18,000,000</u>

8.3 Trade debts due from related parties

Name of related party	Gross amount due	Past due amount	Provision for expected credit losses	Reversal of provision for expected credit losses	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year (8.3.1)
Nafeesa Abdul Wahab	8,445,943	8,445,943	-	-	-	8,445,943	13,973,287
Gul Muhammad Usmani	8,488,567	8,488,567	-	-	-	8,488,567	20,700,321
Rizwana	585,010	585,010	-	-	-	585,010	585,010
Muzammil	598,290	598,290	-	-	-	598,290	598,290
Muhammad Waqas	1,293,434	1,293,434	-	-	-	1,293,434	4,114,613
Muhammad Hanif	29,088,559	29,088,559	-	-	-	29,088,559	29,774,338
Hammad	2,195,286	2,195,286	-	-	-	2,195,286	2,556,793
	<u>50,695,089</u>	<u>50,695,089</u>	-	-	-	<u>50,695,089</u>	

8.3.1 Maximum amount outstanding at any time during the year calculated by reference to month-end balances

8.3.2 Aging analysis of trade debts due from related parties

Name of related party	Not past due	Past due				Total gross amount due
		Past due 0-30 days	Past due 31-180 days	Past due 181-365 days	Past due 365 days	
Nafeesa Abdul Wahab	-	8,445,943	-	-	-	8,445,943
Gul Muhammad Usmani	-	8,488,567	-	-	-	8,488,567
Rizwana	-	585,010	-	-	-	585,010
Muzammil	-	598,290	-	-	-	598,290
Muhammad Waqas	-	1,293,434	-	-	-	1,293,434
Muhammad Hanif	-	4,244,192	24,844,367	-	-	29,088,559
Hammad	-	2,195,286	-	-	-	2,195,286
	-	25,850,722	24,844,367	-	-	50,695,089

9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities 9.1. 104,994,569 135,481,005

9.1 Investments in quoted securities are stated at fair value at the year-end, using the year-end market prices. This investment pledge with Pakistan Stock Exchange Limited amounting to Rs 17,874,669 against Base Minimum Capital. National Clearing Company Pakistan Limited amounting to Rs 37,612,000 against Ready RMS and Future Contract.

9.2 This includes investment of Rs. 31,403,555 kept with National Clearing Company Pakistan Limited against in dealing future contracts.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Income tax refundable		21,093,507	21,657,458
Exposure Deposit		48,668,905	58,181,338
Nccpl's Future market profit and loss deposit		22,007,781	3,042,067
Loan to associate	10.1 & 10.2	1,040,000	-
Other receivable		1,868,413	-
Advances to employees		70,000	70,000
		94,748,606	82,950,863

10.1 The reconciliation of the carrying amount at the beginning and end of the period is as under:

Balance at the beginning of the year	-	-
Disbursements	1,040,000	-
Repayments	-	-
Balance at the end of the year	1,040,000	-

10.2 Details of loan to associate

Name of related party	Terms of loans and advances	Collateral Security	Maximum amount outstanding at any time during the year (10.2.1)	Provisions for doubtful loans and advances	Loan or advances written off	Purpose of Loan
Misbah Commodities (Private) Limited	Loan is interest free and repayable on demand (10.2.2)	No collateral security is provided against the loan	1,040,000	-	-	To fulfill requirement of cashflow
			1,040,000	-	-	-

10.2.1 Maximum amount outstanding at any time during the year calculated by reference to month-end balances.

10.2.2 The company does not have any interest based liabilities therefore no interest was charged on loan.

10.2.3 Aging analysis of loan due from director

Name of related party	Not past due	Past due				Total gross amount due
		Past due 0-30 days	Past due 31-180 days	Past due 181-365 days	Past due 365 days	
Misbah Commodities (Private) Limited	1,040,000	-	-	-	-	1,040,000
1,040,000		-	-	-	-	1,040,000

11. CASH AND BANK BALANCES

Cash at bank

Current accounts

Saving accounts

Cash in hand

-	-
87,920,261	257,763,452
87,920,261	257,763,452
-	-
87,920,261	257,763,452

11.1 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 65.46 million (2022: 248.68 million).

12. SHARE CAPITAL

12.1. Authorized share capital

Authorized share capital comprises of 1,200,000 (2022: 1,200,000) Ordinary shares of Rs. 100 each.

12.2. Issued, subscribed and paid up capital

	2023 (Rupees)	2022 (Rupees)
Issued, subscribed and paid up capital comprises of:		
Ordinary share capital	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>

12.2.1 The breakup of ordinary and preference share capital is as follows:

2023 (Numbers)	2022 (Numbers)		2023 (Rupees)	2022 (Rupees)
		Ordinary shares		
		Ordinary shares of Rs. 100 each		
300,000	300,000	full paid in cash	30,000,000	30,000,000
		Ordinary shares		
		Ordinary shares of Rs. 100 each		
450,000	450,000	issued as bonus shares	45,000,000	45,000,000
		Ordinary shares		
		Ordinary shares of Rs. 100 each		
250,000	250,000	fully issued for consideration	25,000,000	25,000,000
		other ther cash		

12.2.2 Reconciliation of number of shares outstanding

	2023 (Numbers)	2022 (Numbers)
Ordinary shares		
Number of shares outstanding at the beginning of the year	1,000,000	1,000,000
Issued for cash	-	-
	<u>1,000,000</u>	<u>1,000,000</u>

13. STAFF RETIREMENT BENEFITS - GRATUITY

The Company operates a unfunded gratuity scheme for its employees. The latest actuarial valuation of the plan was carried out as at June 30, 2023 by using the Projected Unit Credit method.

13.1. Movement in defined benefit obligation

Opening defined benefit obligation	-
Past service cost	-
Current service cost	3,757,566
Interest on Defined Benefit Obligation	-
Benefits paid	-
Actuarial (Gains)/Losses	-
Experience adjustments	-
Closing defined benefit obligation	<u>3,757,566</u>

13.2. Expense recognized in the statement of profit or loss

Current service cost	3,757,566
Past service cost	-
Interest cost on defined benefit obligation	-
	<u>3,757,566</u>

13.3. Remeasurement losses / (gain) recognised in other comprehensive income

Actuarial gain/(loss) on defined benefit obligation	
- Changes in demographic assumptions	-
- Changes in financial assumptions	-
- Changes in experience assumptions	-
	<u>-</u>

13.4. Changes in net liability

Opening net liability	-
Adjustment in opening net liability	-
Expense chargeable to P&L	3,757,566
Remeasurements charged in other comprehensive income	-
Benefits paid	-
Closing net liability	<u>3,757,566</u>
Benefits payable transferred to short term liability	-
Closing defined benefit obligation	<u>3,757,566</u>

13.5. Year end sensitivity analysis on defined benefit obligation

Discount Rate + 1%	3,456,762
Discount Rate - 1%	4,112,649
Salary Increase + 1%	4,122,812
Salary Increase - 1%	3,442,794

The above sensitivity analyses are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

13.6. As of the reporting date, the average duration of the defined benefit obligation is 9 years.**13.7. Principal actuarial assumptions used**

Discount rate used for interest cost in profit and loss	<u>16.25%</u>
Discount rate used for year end obligation	<u>16.25%</u>
Expected rate of increase in salary level (per annum) - 2024	<u>10.00%</u>
Expected rate of increase in salary level (per annum) - 2025 onwards	<u>15.25%</u>
Mortality rates	<u>SLIC 2001-2005</u>

13.8. The defined benefit obligation exposes the Company to the following risks:

Final salary risks:

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Mortality risks:

The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks:

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

		2023 (Rupees)	2022 (Rupees)
14. TRADE AND OTHER PAYABLE			
Credit balances of clients		65,467,389	248,688,981
Clients future profit held		39,760,931	16,213,944
Accrued expenses and other payables		2,397,820	2,937,278
Auditor remuneration		275,000	250,000
		<u>107,901,140</u>	<u>268,090,203</u>
14.1	Credit balances of clients held by the company in separate bank accounts.		
15. SHORT TERM LOAN			
Short term loan from directors	15.1	<u>20,306,655</u>	<u>12,854,655</u>
15.1	This loan, which is interest free and repayable on demand, is provided by Directors.		
16. CONTINGENCIES AND COMMITMENTS			
16.1.	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.		
16.2.	There were no other contingencies and commitment as at 30th June 2023.		
17. REVENUE FROM CONTRACT WITH CUSTOMERS			
Brokerage income	17.1	<u>63,689,651</u>	<u>81,742,875</u>
17.1	Gross Income	<u>71,969,306</u>	<u>93,957,328</u>
	less: Sales tax	<u>(8,279,655)</u>	<u>(12,214,453)</u>
	Net Brokerage Income	<u>63,689,651</u>	<u>81,742,875</u>

		2023 (Rupees)	2022 (Rupees)
18. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowance		52,959,774	62,495,660
Printing and stationery		159,550	245,526
Utilities		2,282,162	870,129
Travelling and communication expenses		661,886	726,395
Rent, rates and taxes		2,197,194	56,300
Transaction Charges		4,814,842	3,885,579
Fees and subscription		16,330	111,845
Entertainment and sales promotion		872,940	864,770
Repair and maintenance		332,125	23,405
Legal and Professional Charges		359,866	735,680
Software expenses		1,140,454	999,800
Dealer's Commission		10,624,217	15,346,518
Depreciation	4	5,182,565	3,855,953
Expected credit loss		-	3,958,849
Bank Charges		16,740	4,535
Auditor's Remuneration	18.1	275,000	250,000
Donations		2,925,000	2,475,000
Miscellaneous expenses		29,688	125,029
		84,850,333	97,030,973
18.1 Auditor's Remuneration			
-Annual audit fee		275,000	250,000
		275,000	250,000
19. OTHER INCOME			
Realized Gain/(loss) on securities Held for Trading		(6,162,060)	(35,434,549)
Profit on Cash Margin		7,205,630	2,017,585
Reversal of expected credit loss		5,868,400	-
Dividend income		5,688,078	5,934,911
Other income		1,442,324	1,510,120
		14,042,372	(25,971,933)
20. TAXATION			
Provision for taxation			
<i>Current</i>			
- Current year		1,616,719	1,920,132
- Prior year		-	298,202
		1,616,719	2,218,334
<i>Deferred</i>		-	-
Net tax charge		1,616,719	2,218,334

The deferred tax asset amounting to 6.368 million (2022: 10.6 million) was not recognized as the company is suffering from operating losses.

20.1 Relationship between tax expense and accounting profit

Profit/(loss) before taxation	(7,118,310)	(41,260,031)
Tax at the applicable rate 29% (2022:29%)	(2,064,310)	(11,965,409)
Tax effect of income taxed under FTR	990,666	7,681,638
Deferred tax asset not recognised	2,690,363	6,203,903
Prior year tax adjustment	-	298,202
	1,616,719	2,218,334

21. CAPITAL ADEQUACY LEVEL

Total Assets	442,091,842	602,866,147
Less: Total Liabilities	(131,965,361)	(280,944,858)
Less: Revaluation Reserves	-	-
Capital Adequacy Level	310,126,481	321,921,289

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 2023 determined by Pakistan Stock Exchange has been considered.

22 LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
Assets				
1.1	Property & Equipment	24,206,863	24,206,863	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt. Securities	-	-	-
1.5	Investment in Equity Securities (listed)	112,995,405	39,293,939	74,388,676
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking	-	-	-
1.8	Statutory or regulatory deposits.	1,500,000	1,500,000	-
1.9	Margin deposits with exchange and clearing house.	48,668,905	-	48,668,905
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, profit or mark-up	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing.	-	-	-
1.15	Advances and receivables other than trade			
	(i) Short term loan to employees	70,000	70,000	-
	(ii) Advance tax	21,093,507	21,093,507	-
	(iii) Other cases	2,908,413	2,908,413	-
1.16	Receivables from clearing house or securities exchange(s)	22,007,781	-	22,007,781
1.17	Receivables from customers			
	i. Trade receivables not more than 5 days overdue	27,548,339	-	27,548,339
	ii. Trade receivables are overdue, or 5 days or more	52,108,880	39,084,393	13,024,487
	iii. Trade receivables from related parties	50,695,088	24,907,911	25,787,178

1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	22,014,607	-	22,014,607
	ii. Bank balance-customer accounts	65,905,652	-	65,905,652
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/ offer for sale (asset)			
Total Assets		454,223,440		299,345,625
Liabilities				
2.1	Trade Payables			
	i. Payable to customers	65,467,389	-	65,467,389
2.2	Current Liabilities			
	i. Accruals and other payables	2,672,820	-	2,672,820
	ii. Other liabilities as per accounting principles and included in the financial statements	60,067,586	-	60,067,586
2.3	Non-Current Liabilities			
	i. Staff retirement benefits	3,757,566	-	3,757,566
2.4	Subordinated Loans	18,500,000	18,500,000	-
2.5	Advance against shares for Increase in Capital.	-	-	-
Total Liabilities		150,465,361		131,965,361
Ranking Liabilities Relating to :				
3.1	Concentration in Margin Financing	-	-	-
3.2	Concentration in securites lending and borrowing	-	-	-
3.3	Net underwriting Commitments	-	-	-
3.4	Negative equity of subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment	-	-	-
3.8	Concentrated proprietary positions	-	-	-
3.9	Opening Positions in futures and options	-	-	-
3.10	Short sell positions	-	-	-
Total Ranking Liabilities		-	-	-
Grand Total		303,758,079	-	167,380,264

23 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

23.1 Financial instrument by category

23.1.1 Financial assets

	2023			
	At fair value through profit or loss	At fair value thorough OCI	At Amortized Cost	Total
Long term deposits	-	-	1,500,000	1,500,000
Investment at fair value through OCI	-	8,000,836	-	8,000,836
Investment at fair value through P&L	104,994,569	-	-	104,994,569
Trade debts	-	-	118,220,707	118,220,707
Advances, deposits and prepayments	-	-	94,748,606	94,748,606
Bank balances	-	-	87,920,261	87,920,261
	104,994,569	8,000,836	302,389,574	415,384,979

	2022			
	At fair value through profit or loss	At fair value through OCI	At Amortized Cost	Total
Long term 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	135,481,005	-	-	135,481,005
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	571,771,069

23.1.2 Financial Liabilities at Amortized Cost

	2023	
	Amount	Total
Trade and other Payables	107,901,140	107,901,140
Short term loan	20,306,655	20,306,655
	128,207,795	128,207,795

	2022	
	Amount	Total
Trade and other Payables	268,090,203	268,090,203
Short term loan	12,854,655	12,854,655
	280,944,858	280,944,858

23.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degree 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

23.2.1 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 invest only in high quality financial assets, all transactions are settled/paid for upon delivery. The company doesnot expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
	(Rupees)	
Long term deposits	1,500,000	1,505,858
Investment at fair value through OCI	8,000,836	11,060,615
Investment at fair value through P&L	104,994,569	135,481,005
Advances, deposits, prepaymentst and other receivable	73,655,099	61,293,405
Trade debts	118,220,707	83,009,275
Bank Balances	87,920,261	257,763,452
	<u>394,291,472</u>	<u>550,113,610</u>

Bank Balances

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

	2023	2022
	(Rupees)	
AAA	81,407,660	233,219,116
AA+	5,712,164	19,865,020
AA-	790,862	4,610,492
A+	5,000	27,823
A	-	36,428
BBB-	4,575	4,573
	<u>87,920,261</u>	<u>257,763,452</u>

The credit rating agency are PACRA and JCR-VIS.

23.2.2 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.

		2023			
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	107,901,140	107,901,140	107,901,140	-	-
Short term loan	20,306,655	20,306,655	20,306,655	-	-
	<u>128,207,795</u>	<u>128,207,795</u>	<u>128,207,795</u>	<u>-</u>	<u>-</u>

	2022				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	268,090,203	268,090,203	268,090,203	-	-
Short term loan	12,854,655	12,854,655	12,854,655	-	-
	<u>280,944,858</u>	<u>280,944,858</u>	<u>280,944,858</u>	<u>-</u>	<u>-</u>

On the balance sheet date, the company has cash and bank balances of Rs 87.92 million (2022: 257.76 million) and investments of Rs 112.9 million (2022: 146.54 million) for repayment of liabilities.

23.2.3 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 2023	<u>7,359,101</u>	<u>(7,359,101)</u>
as at 30th June 2022	<u>8,767,671</u>	<u>(8,767,671)</u>

23.3 Fair value of Financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the financial assets and liabilities are not significantly different from their carrying values in the financial statements.

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

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

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

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

Following is the fair value hierarchy of assets and liabilities carried at fair value:

	2023		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
Investment in quoted securities	112,995,405	-	-
	<u>112,995,405</u>	<u>-</u>	<u>-</u>
	2022		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
Investment in quoted securities	146,541,620	-	-
	<u>146,541,620</u>	<u>-</u>	<u>-</u>

23.4 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.

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2022		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees -----					
Managerial remuneration	3,780,000	7,560,000	27,625,000	4,949,087	9,898,174	39,700,114
	<u>3,780,000</u>	<u>7,560,000</u>	<u>27,625,000</u>	<u>4,949,087</u>	<u>9,898,174</u>	<u>39,700,114</u>
Number of persons (including those who worked part of the year)	1	2	15	1	2	20

25. 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	Relationship with the related party	Transactions during the year and year end balances	2023 (Rupees)	2022 (Rupees)
Abdul Wahab	CEO/Shareholder	Remuneration	3,780,000	4,949,087
Gul Muhammad Usmani	Director/Shareholder	Remuneration	3,780,000	4,949,087
Muhammad Hanif	Director/Shareholder	Remuneration	3,780,000	4,949,087
Nafeesa Abdul Wahab	Wife of CEO	Receivable / (Payable)	8,445,943	-
Gul Muhammad Usmani	Director/Shareholder	Receivable / (Payable)	8,488,567	17,255,865
Rizwana	Wife of Director	Receivable / (Payable)	585,010	-
Muzammil	Son of Director	Receivable / (Payable)	598,290	271,835
Muhammad Waqas	Son of Director	Receivable / (Payable)	1,293,434	1,218,266
Muhammad Hanif	Director/Shareholder	Receivable / (Payable)	29,088,559	27,421,478
Muhammad Hanif	Director/Shareholder	Receivable / (Payable)	(8,920,168)	-
Hammad	Son of Director	Receivable / (Payable)	2,195,286	-
Abdul Wahab	CEO/Shareholder	Receivable / (Payable)	(4,613,583)	-
Muhammad Hanif	Director/Shareholder	Short term loan	12,500,000	-
Abdul Wahab	CEO/Shareholder	Short term loan	7,806,655	12,854,655

26. OTHER DISCLOSURES UNDER REGULATION 34(2) OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these annual financial statements are as follows:

26.1 Pattern of Shareholding

	2023	2022	2023	2022
	% of Holding		Number of Shares	
Abdul Wahab - CEO	25.00%	25.00%	250,000	250,000
Gul Muhammad Usmani - Director	10.00%	10.00%	100,000	100,000
Muhammad Hanif - Director	65.00%	65.00%	650,000	650,000
	100.00%	100.00%	1,000,000	1,000,000

26.2 During the year there was no movement in shareholding of more than 5% of the shares.

26.3 As at June 30, 2023, none of the company's securities are pledged with financial institutions and customer securities amounting to Rs. 3.167 million (2022: Rs. 6.341 million) maintained with the company are pledged with financial institutions.

26.4 As at June 30, 2023, the value of customer shares maintained with the company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs. 1,822.515 million (2022: Rs. 1,822.249 million).

27. NUMBER OF EMPLOYEES

	2023 (Number of employees)	2022 (Number of employees)
Total number of employees at 30 June.	34	33
Average Number of employees	34	32

28. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current year.

29. DATE OF AUTHORIZATION

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

issue on **07 OCT 2023**

✓



Chief Executive



Director