

**H.H. Misbah Securities (Private)
Limited
Financial Statements
For the year ended
June 30, 2024**



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 2024. The Summarized results for the year ended 30th June 2024 are as under:

Financial results	2024
Operating Revenue	117,780,120
Profit before Taxation	32,813,539
Taxation	(3,312,785)
Profit after Tax	29,500,754

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

Director

Date: October 7, 2024

Karachi

HEAD OFFICE

Room No. 96-97, 2nd Floor, PSX Building,
Stock Exchange Road, Karachi-74000
Ph: 021-32429102-05 Fax: 021-32426938

BRANCH OFFICE

Room No. 501-502, 5th Floor, New PSX Building,
Stock Exchange Road, Karachi.
Ph: 021-32426929 & 34

EMAIL & WEB

hh_misbahsecurities@hotmail.com
info@hbm.com.pk
www.hbm.com.pk



HH MISBAH SECURITIES (PVT) LTD.

TREC HOLDER - PAKISTAN STOCK EXCHANGE LTD.

UNDERTAKING

I, **Abdul Wahab** Chief Executive Officer of **H.H. Misbah Securities (Private) Limited**, a TRE Certificate Holder of Pakistan Stock Exchange Limited having our registered office at Room no. 96 & 97, 2nd floor, Pakistan Stock Exchange, Building, Stock Exchange Road, Karachi., herein after called the "company" do hereby undertake that:

- I. There are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities market laws;
- II. The company is complied with Corporate Governance Code For Securities Broker as per the criteria specified in **Annexure D** of Securities Brokers (Licensing and Operations) Regulations, 2016;

Date: October 07, 2024

Abdul Wahab
Chief Executive Officer

HEAD OFFICE:

Room No. 96-97, 2nd Floor, PSX Building,
Stock Exchange Road, Karachi-74000
Ph: 021-32429102-05 Fax: 021-32426938

BRANCH OFFICE

Room No. 501-502, 5th Floor, New PSX Building,
Stock Exchange Road, Karachi.
Ph: 021-32426929 & 34

EMAIL & WEB

hh_misbahsecurities@hotmail.com
info@hbm.com.pk
www.hhm.com.pk

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, 2024** 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 material accounting policy 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, 2024 and of the Profit 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.

Other Information:

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

However, we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the 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

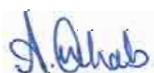
DATE: October 7, 2024

UDIN: AR202410215G35tsPHSx

H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 (Rupees)	2023 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	20,298,545	24,206,863
Intangible assets	5	2,500,000	2,500,000
Investment at fair value through other comprehensive income	6	13,850,096	8,000,836
Long term deposits	7	1,500,000	1,500,000
		38,148,641	36,207,699
<u>CURRENT ASSETS</u>			
Trade debts - unsecured considered good	8	121,766,326	118,220,707
Investment at fair value through profit& loss	9	155,186,747	104,994,569
Advances, deposits, prepayments and other receivables	10	132,727,930	94,748,606
Cash and bank balances	11	164,692,200	87,920,261
		574,373,203	405,884,143
		612,521,844	442,091,842
<u>SHARE CAPITAL AND RESERVES</u>			
Authorized capital	12.1	300,000,000	300,000,000
Share capital			
Issued, subscribed and paid-up capital	12.2	100,000,000	100,000,000
Capital Reserves			
Surplus/(Deficit) - Investment at Fair value through OCI		11,219,337	5,370,077
Actuarial gain/(loss) on defined benefit		1,087,165	-
Subordinate from director		18,500,000	18,500,000
Revenue reserves			
Accumulated Profit/(Loss)		215,757,158	186,256,404
		346,563,660	310,126,481
<u>NON-CURRENT LIABILITIES</u>			
Staff Retirement Benefits - Gratuity	13	8,555,429	3,757,566
<u>CURRENT LIABILITIES</u>			
Trade and other payable	14	241,696,100	107,901,140
Short term loan	15	15,706,655	20,306,655
		257,402,755	128,207,795
Contingencies and commitments	16	612,521,844	442,091,842

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



Chief Executive

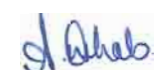


Director

H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rupees)	2023 (Rupees)
Revenue from contract with customers	17	117,780,120	63,689,651
Operating and administrative expenses	18	(165,146,593)	(84,850,333)
Other charges		(487,677)	-
Other income	19	81,907,103	14,042,372
Profit/(loss) before income tax, minimum tax differential and final tax		34,052,953	(7,118,310)
Minimum tax - levy	20	(144,343)	(796,121)
Final taxes - levy	21	(1,095,071)	(820,598)
		(1,239,414)	(1,616,719)
Profit/(loss) before income tax		32,813,539	(8,735,029)
Taxation	22	(3,312,785)	-
NET PROFIT/(LOSS) AFTER TAXATION		29,500,754	(8,735,029)

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, 2024

	2024 (Rupees)	2023 (Rupees)
Profit/(loss) for the year	29,500,754	(8,735,029)
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	5,849,260	(3,059,779)
Actuarial gain/(loss) on defined benefit obligation	1,087,165	-
	6,936,425	(3,059,779)
TOTAL COMPREHENSIVE INCOME/ (LOSS)	35,350,014	(11,794,808)

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

uly



Chief Executive



Director

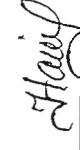
H.H MISBAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Capital Reserves			Revenue Reserves	Total
		Surplus/ (Deficit) - Investment (FVTOCI)	Actuarial gain/ (loss) on defined benefit	Subordinate from director		
	Issued, Subscribed and Paid-up Capital				Accumulated Profit/ (Loss)	
Balance as at July 01, 2022						
	100,000,000	8,429,856	-	18,500,000	194,991,433	321,921,289
Profit/(loss) 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
Profit/(loss) for the year						
	-	-	-	-	29,500,754	29,500,754
Other comprehensive income						
	-	5,849,260	1,087,165	-	-	6,936,425
Balance as at June 30, 2024						
	100,000,000	11,219,337	1,087,165	18,500,000	215,757,158	346,563,660

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, 2024


	2024 (Rupees)	2023 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	32,813,539	(8,735,029)
<u>Adjustment for non-cash items:</u>		
Depreciation	5,353,666	5,182,565
Expected credit loss/(Reversal of expected credit loss)	29,119,685	(5,868,400)
Gratuity expense	5,885,029	3,757,566
Capital Gain on investment at fair value through P&L	(57,763,671)	6,162,060
Dividend income	(7,445,736)	(5,688,078)
Minimum tax - levy	144,343	796,121
Final taxes - levy	1,095,071	820,598
	(23,611,613)	5,162,432
<u>Changes in working capital</u>		
Decrease /(Increase) in trade debts	(32,665,304)	(29,343,032)
Decrease /(Increase) in long term deposits	-	5,858
Decrease /(Increase) in advances, deposits and prepayments	(37,979,324)	(12,361,694)
(Decrease) / increase in trade and other payable	133,794,960	(160,189,063)
Net changes in working capital	63,150,332	(201,887,931)
Taxes paid	(3,457,128)	(1,052,768)
Net cash (used in)/generated from operating activities	68,895,130	(206,513,296)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,445,348)	(794,349)
Proceeds from short term investment	7,571,493	24,324,376
Dividend received	6,350,665	5,688,078
Net cash (used in)/generated from investing activities	12,476,810	29,218,105
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term loan from directors	10,300,000	26,102,000
Repayment of short term loan from directors	(14,900,000)	(18,650,000)
Net cash (used in)/generated from financing activities	(4,600,000)	7,452,000
Net increase in cash and cash equivalent	76,771,940	(169,843,191)
Cash and cash equivalent at beginning of the year	87,920,261	257,763,452
Cash and cash equivalent at end of the year	164,692,200	87,920,261

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

uly



Chief Executive



Director

H.H MISBAH SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 Legal Status and Nature of Business

HH Misbah Securities (Private) limited was incorporated under the repealed Companies Ordinance, 1984 on July 11, 2003 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investment and share brokerage.

The geographical location of Company's offices are as follows:

- Karachi	Head office (Registered office)	Room no. 96 & 97, 2nd floor, Pakistan Stock Exchange, Building, Stock Exchange Road, Karachi.
- Karachi	Branch Office	Room No, 501 & 502, New Stock Exchange Building, Stock Exchange Road, Karachi
- Karachi	Branch Office	Room No. 83 Old Stock Exchange Building, Stock Exchange Road, Karachi.

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of 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 judgments that have a significant effect on the financial statements that are in respect of the following:

- Property and equipment (note 4)
- Income Tax Expense (note 22)

2.5 Changes in accounting standards, interpretations and pronouncements

a) Standard, interpretations and amendments to approved published accounting standards that became effective during the year

The following amendments to published standards are mandatory for the financial year beginning on July 1, 2023 and are relevant to the company.

(i) IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of changes in equity, the statement of cash flows and earning per share as a result of this change.

Impacts on the Company's statement of profit or loss:

'Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
--	---------------------------------------	--

-----Rupees-----

For the year ended June 30, 2024

Minimum tax - levy	-	(144,343)	(144,343)
Final taxes - levy	-	(1,095,071)	(1,095,071)
Profit/(loss) before income tax	34,052,953	(1,239,414)	32,813,539
Income Tax Expense	(4,552,199)	1,239,414	(3,312,785)

For the year ended June 30, 2023

Minimum tax - levy	-	(796,121)	(796,121)
Final taxes - levy	-	(820,598)	(820,598)
Profit/(loss) before income tax	(7,118,310)	(1,616,719)	(8,735,029)
Income Tax Expense	(4,552,199)	4,552,199	-

(ii) Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments'

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful accounting policy information that user need to understand other information in the financial statements.

- (iii) In addition to the amendments mentioned above, there were certain amendments to accounting and reporting standards which became effective for the company for the current year. However, these are considered not to be relevant or to have any significant impact on the company's financial reporting and therefore have not been disclosed in these financial statements.

b) Standard, interpretations and amendments to approved published accounting standards that are not yet effective

Following are the amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024.

Description effective for periods		Effective for periods
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2024
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2024
IFRS 16	Leases (Amendments)	January 01, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 01, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 01, 2026

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, 2024:

- IFRS 1 First Time Adoption of International Financial Reporting Standards)
- IFRIC 12 Service Concession Arrangement
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

3 Material Accounting Policy Information

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

why

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.

3.1.1 Current Tax

Provision for current tax is based on taxable income at the enacted or substantially enacted rates of taxation after taking into 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.

3.1.2 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 assets 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 Minimum Taxes levy

Any excess over the amount designated as income tax under the scope of IAS 12 "Income Taxes", is then recognised as a levy falling under the scope of IFRIC 21/IAS 37. Hence, any excess over the amount designated as income tax under the scope of IAS 12 "Income Taxes" should be classified as Minimum Taxes levy and not income tax in the profit and loss account.

3.3 Final Taxes levy

Any final taxes paid which is not based on the taxable income, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37. Hence, Final tax paid should be classified as Final Taxes levy and not income tax in the profit and loss account.

3.4 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 Straight Line 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.

uy

3.5 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.

3.5.1 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.

3.5.2 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).

3.6 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.

3.7 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.

3.8 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.

3.9 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 continuous funding system transactions and bank deposits is recognized on a time proportionate basis that takes in to account the effective yield.

Mark-up income from investment in margin financing system is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

3.10 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.

uly

3.11 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.

3.12 Financial Instruments

3.12.1 Financial Assets

3.12.2 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:

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.

Financial assets at "Fair value through other comprehensive income"

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

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 or,

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.

Financial assets at "Fair value through profit or loss"

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.

3.12.3 Subsequent measurement

Debt investments at "Fair value through other comprehensive income"

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.

uly

Equity Investments at "Fair value through other comprehensive income"

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 "Fair value through profit or loss"

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.

3.12.4 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.

3.12.5 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.

3.12.6 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.

3.12.7 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.

3.13 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.

3.14 Staff retirement benefits - Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

my

4. PROPERTY & EQUIPMENT

	2024				
	Office Building	Office Equipment	Computers	Motor vehicles	Total
	----- (Rupees) -----				
As at July 01, 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 beginning of the year	17,078,024	789,995	1,170,733	5,168,111	24,206,863
Changes during the year					
Additions during the year	-	-	1,445,348	-	1,445,348
Disposals - cost	-	-	-	-	-
Depreciation charge for the year	(3,110,000)	(205,752)	(806,330)	(1,231,584)	(5,353,666)
Disposals - Accumulated depreciation	-	-	-	-	-
Net book value at the end of the year	13,968,024	584,243	1,809,751	3,936,527	20,298,545
Analysis of net book value					
As at June 30, 2024					
Cost	31,100,000	2,093,018	5,679,989	8,210,560	47,083,567
Accumulated depreciation	(17,131,976)	(1,508,775)	(3,870,238)	(4,274,033)	(26,785,022)
Net book value at the end of the year	13,968,024	650,543	1,809,751	3,936,527	20,298,545
Depreciation rate (% per annum)	10%	15%	30%	15%	
	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	-	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%	

why

5. INTANGIBLE ASSETS

	2024	
	TREC	Total
	<i>..... (Rupees)</i>	
As at July 01, 2023		
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, 2024	2,500,000	2,500,000
Rate of ammortization per annum (%)	N/A	
	2023	
	TREC	Total
	<i>..... (Rupees)</i>	
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	-	-
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, 2024	2,500,000	2,500,000
Rate of ammortization per annum (%)	N/A	

- 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 | 13,850,096 | 8,000,836 |
|---|-----|-------------------|------------------|
- 6.1 This represents 1,081,194 (2024: 1,081,194) shares of Pakistan Stock Exchange Limited. These shares are pledged with PSX agianst Base minimum capital.

7. LONG TERM DEPOSITS

Deposits with:

- National Clearing Company of Pakistan Limited
- Central Depository Company

1,400,000	1,400,000
100,000	100,000
1,500,000	1,500,000

8. TRADE DEBTS

Trade debts

8.1

less: Loss Allowance

8.2

163,017,611	130,352,307
(41,251,285)	(12,131,600)
121,766,326	118,220,707

8.1 The aging analysis of trade debts are as follows:

Past due 1 - 30 days

Past due 31 - 180 days

Past due 181 days - 1 year

More than one year

117,809,454	86,435,356
1,484,275	31,197,832
3,057,404	693,881
40,666,479	12,025,238
163,017,612	130,352,307

8.2 Provision for expected credit loss

Opening

Provision recorded during the year

Less: Provision reversed during the year

12,131,600	18,000,000
29,119,685	-
-	(5,868,400)
41,251,285	12,131,600

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	7,024,243	7,024,243	-	-	-	7,024,243	18,231,130
Abdul Wahab	6,887,964	6,887,964	-	-	-	6,887,964	17,677,133
Muzammil	17,998,479	17,998,479	-	-	-	17,998,479	20,451,233
Muhammad Waqas	4,887,501	4,887,501	-	-	-	4,887,501	16,736,522
Muhammad Hanif	33,385,050	33,385,050	-	-	-	33,385,050	29,873,606
Hammad	1,110,509	1,110,509	-	-	-	1,110,509	13,683,332
	71,293,746	71,293,746	-	-	-	71,293,746	

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 366 days	
Nafeesa Abdul Wahab	-	7,024,243	-	-	-	7,024,243
Abdul Wahab	-	6,887,964	-	-	-	6,887,964
Muzammil	-	17,998,479	-	-	-	17,998,479
Muhammad Waqas	-	4,887,501	-	-	-	4,887,501
Muhammad Hanif	-	33,385,050	-	-	-	33,385,050
Hammad	-	1,110,509	-	-	-	1,110,509
	-	71,293,746	-	-	-	71,293,746

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

Investment in quoted securities	9.1.	<u>155,186,747</u>	<u>104,994,569</u>
---------------------------------	------	--------------------	--------------------

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 29,607,163 against Base Minimum Capital. National Clearing Company Pakistan Limited amounting to Rs 56,819,850 against Ready RMS and Future Contract.

9.2 This includes investment of Rs. 38,160,706 kept with National Clearing Company Pakistan Limited against in dealing future contracts.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Income tax refundable		22,141,985	21,093,507
Exposure Deposit		84,168,905	48,668,905
Nccpl's Future market profit and loss deposit		23,207,557	22,007,781
Loan to associate	10.1 & 10.2	1,040,000	1,040,000
Other receivable		2,099,483	1,868,413
Advances to employees		70,000	70,000
		<u>132,727,930</u>	<u>94,748,606</u>

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	1,040,000	-
Disbursements	-	1,040,000
Repayments	-	-
Balance at the end of the year	<u>1,040,000</u>	<u>1,040,000</u>

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
			<u>1,040,000</u>	-	-	-

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
	<u>1,040,000</u>	-	-	-	-	<u>1,040,000</u>

11. CASH AND BANK BALANCES

Cash at bank		
Current accounts	164,692,200	87,920,261
Saving accounts	-	-
	164,692,200	87,920,261
Cash in hand	-	-
	164,692,200	87,920,261

- 11.1 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 164.230 million (2023: 65.467 million).

12. SHARE CAPITAL

12.1. Authorized share capital

Authorized share capital comprises of 3,000,000 (2023: 3,000,000) Ordinary shares of Rs. 100 each.

12.2. Issued, subscribed and paid up capital

	2024 (Rupees)	2023 (Rupees)
Issued, subscribed and paid up capital comprises of:		
Ordinary share capital	100,000,000	100,000,000
	100,000,000	100,000,000

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

2024 (Numbers)	2023 (Numbers)		2024 (Rupees)	2023 (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

	2024 (Numbers)	2023 (Numbers)
Ordinary shares		
Number of shares outstanding at the beginning of the year	1,000,000	1,000,000
Issued for cash	-	-
	1,000,000	1,000,000

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, 2024 by using the Projected Unit Credit method.

uly

13.1. Movement in defined benefit obligation

Opening defined benefit obligation	3,757,566	-
Current service cost	5,274,425	3,757,566
Interest on Defined Benefit Obligation	610,604	-
Actuarial (gains)/losses from changes in financial assumptions	(36,222)	-
Experience adjustments	(1,050,943)	-
Closing defined benefit obligation	8,555,430	3,757,566

13.2. Expense recognized in the statement of profit or loss

Current service cost	5,274,425	3,757,566
Past service cost	-	-
Interest cost on defined benefit obligation	610,604	-
	5,885,029	3,757,566

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	(36,222)	-
- Changes in experience assumptions	(1,050,943)	-
	(1,087,165)	-

13.4. Changes in net liability

Opening net liability	3,757,566	-
Expense chargeable to P&L	5,885,029	3,757,566
Benefits paid	-	-
Closing net liability	9,642,595	3,757,566
Benefits payable transferred to short term liability	-	-
Closing defined benefit obligation	9,642,595	3,757,566

13.5. Year end sensitivity analysis on defined benefit obligation

Discount Rate + 1%	7,874,845	3,456,762
Discount Rate - 1%	9,359,475	4,112,649
Salary Increase + 1%	9,378,186	4,122,812
Salary Increase - 1%	7,846,794	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	16.25%	16.25%
Discount rate used for year end obligation	14.75%	16.25%
Expected rate of increase in salary level (per annum) - 2024	N/A	10.00%
Expected rate of increase in salary level (per annum) - 2025 onwards	13.75%	15.25%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005

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.

	2024 (Rupees)	2023 (Rupees)
14. TRADE AND OTHER PAYABLE		
Credit balances of clients	164,229,600	65,467,389
Clients future profit and exposure withheld	61,549,589	39,760,931
Accrued expenses and other payables	15,616,911	2,397,820
Auditor remuneration	300,000	275,000
	<u>241,696,100</u>	<u>107,901,140</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>15,706,655</u>	<u>20,306,655</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 2024.

		2024 (Rupees)	2023 (Rupees)
17. REVENUE FROM CONTRACT WITH CUSTOMERS			
Brokerage income	17.1	<u>117,780,120</u>	<u>63,689,651</u>
17.1 Gross Income		<u>133,091,536</u>	<u>71,969,306</u>
less: Sales tax		<u>(15,311,416)</u>	<u>(8,279,655)</u>
		<u>117,780,120</u>	<u>63,689,651</u>

18. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, benefits and allowance	106,685,997	52,959,774
Printing and stationery	173,707	159,550
Utilities	2,970,204	2,282,162
Travelling and communication expenses	819,099	661,886
Rent, rates and taxes	1,042,894	2,197,194
Transaction Charges	2,231,026	4,814,842
Fees and subscription	151,021	16,330
Entertainment and sales promotion	1,032,207	872,940
Repair and maintenance	324,770	332,125
Legal and Professional Charges	659,875	359,866
Software expenses	5,747,141	1,140,454
Dealer's Commission	3,733,714	10,624,217
Depreciation	5,353,666	5,182,565
Expected credit loss	29,119,685	-
Bank Charges	39,200	16,740
Auditor's Remuneration	300,000	275,000
Donations	4,600,000	2,925,000
Miscellaneous expenses	162,387	29,688
	<u>165,146,593</u>	<u>84,850,333</u>

18.1 Auditor's Remuneration

-Annual audit fee	300,000	275,000
	<u>300,000</u>	<u>275,000</u>

19. OTHER INCOME

Capital gain/(loss) on investment at FVTPL	57,763,671	(6,162,060)
Profit on Cash Margin	15,181,933	7,205,630
Reversal of expected credit loss	-	5,868,400
Income from dividend	7,445,736	5,688,078
Other income	1,515,763	1,442,324
	<u>81,907,103</u>	<u>14,042,372</u>

20. MINIMUM TAX - LEVY

This represents portion of minimum tax paid as per Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

21. FINAL TAX - LEVY

This represents portion of final taxes paid as per Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

22. INCOME TAX EXPENSE

Income Tax Expense	3,312,785	-
--------------------	-----------	---

22.1 Major components of income tax expense are a under:

- Current year	2,494,734	-
- Prior year	818,051	-
	<u>3,312,785</u>	<u>-</u>

22.2 The deferred tax asset amounting to 17,529 million (2023: 6.368 million) was not recognized as the company is suffering from operating losses.

	2024 (Rupees)	2023 (Rupees)
22.3 Relationship between tax expense and accounting profit		
Accounting profit/(loss) before income tax, minimum tax differential and final tax	34,052,953	(7,118,310)
less: Accounting Profit/(loss) subject to minimum tax levy	350,125	8,161,880
less: Accounting Profit/(loss) subject to final tax levy	(48,645,980)	(1,043,570)
Accounting profit/(loss) before taxation	(14,242,902)	-
Tax at the applicable rate 29% (2023:29%)	(4,130,441)	-
Deferred tax	8,365,291	-
Difference due to Tax expense allocation	(2,365,373)	-
Permanent difference	625,256	-
Prior tax	818,051	-
	<u>3,312,785</u>	<u>-</u>

22.4 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

Current tax liability for the year as per applicable tax laws	3,734,148	1,616,719
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(2,494,734)	
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	(1,239,414)	(1,616,719)
Difference	<u>-</u>	<u>-</u>

23. CAPITAL ADEQUACY LEVEL

Total Assets	612,521,844	442,091,842
Less: Total Liabilities	(265,958,184)	(131,965,361)
Less: Revaluation Reserves	-	-
Capital Adequacy Level	<u>346,563,660</u>	<u>310,126,481</u>

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 2024 determined by Pakistan Stock Exchange has been considered.

24 LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
Assets				
1.1	Property & Equipment	20,298,545	20,298,545	-
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)	169,036,843	65,036,339	108,083,854
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.	84,168,905	-	84,168,905

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	22,141,985	22,141,985	-
	(iii) Other cases	3,139,483	3,139,483	-
1.16	Receivables from clearing house or securities exchange(s)	23,207,557	-	23,207,557
1.17	Receivables from customers			
	i. Trade receivables not more than 5 days overdue	40,603,625	-	40,603,625
	ii. Trade receivables are overdue, or 5 days or more	51,120,239	40,621,255	10,498,984
	iii. Trade receivables from related parties	71,293,746	3,545,690	67,748,056
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	392,803	-	392,803
	ii. Bank balance-customer accounts	164,299,397	-	164,299,397
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/ offer for sale (asset)			
Total Assets		653,773,129		499,003,181
Liabilities				
2.1	Trade Payables			
	i. Payable to customers	164,229,600	-	164,229,600
2.2	Current Liabilities			
	i. Accruals and other payables	15,916,911	-	15,916,911
	ii. Other liabilities as per accounting principles and included in the financial statements	77,256,244	-	77,256,244
2.3	Non-Current Liabilities	-	-	-
	i. Staff retirement benefits	8,555,429	-	8,555,429
2.4	Subordinated Loans	18,500,000	18,500,000	-
2.5	Advance against shares for Increase in Capital.	-	-	-
Total Liabilities		284,458,184		265,958,184
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 selll positions	-	-	-
Total Ranking Liabilites		-	-	-
Grand Total		369,314,945	-	233,044,997

25 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

25.1 Financial instrument by category

25.1.1 Financial assets

	2024			
	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	-	13,850,096	-	13,850,096
Investment at fair value through P&L	155,186,747	-	-	155,186,747
Trade debts	-	-	121,766,326	121,766,326
Advances, deposits and prepayments	-	-	132,727,930	132,727,930
Bank balances	-	-	164,692,200	164,692,200
	155,186,747	13,850,096	420,686,456	589,723,299

	2023			
	At fair value through profit or loss	At fair value through 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	415,384,980

25.1.2 Financial Liabilities at Amortized Cost

2024		
	Amount	Total
Trade and other Payables	241,696,100	241,696,100
Short term loan	15,706,655	15,706,655
	257,402,755	257,402,755

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

25.2 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:

my

Credit risk
Liquidity risk
Market risk
Operational risk

25.2.1 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 in to 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 allow 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:

	2024	2023
	(Rupees)	
Long term deposits	1,500,000	1,500,000
Investment at fair value through OCI	13,850,096	8,000,836
Investment at fair value through P&L	155,186,747	104,994,569
Advances, deposits, prepaymentst and other receivable	110,585,945	73,655,099
Trade debts	121,766,326	118,220,707
Bank Balances	164,692,200	87,920,261
	<u>567,581,314</u>	<u>394,291,472</u>

Bank Balances

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

	2024	2023
	(Rupees)	
AAA	144,506,038	81,407,660
AA+	12,711,105	5,712,164
AA-	2,163,891	790,862
A+	-	5,000
BBB-	4,573	4,575
	<u>159,385,607</u>	<u>87,920,261</u>

The credit rating agency are PACRA and JCR-VIS.

25.2.2 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.

why

2024					
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other	241,696,100	241,696,100	241,696,100	-	-
Short term loan	15,706,655	15,706,655	15,706,655	-	-
	<u>257,402,755</u>	<u>257,402,755</u>	<u>257,402,755</u>	<u>-</u>	<u>-</u>

2023					
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other	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>

On the balance sheet date, the company has cash and bank balances of Rs 159.39 million (2023: 87.29 million) and investments of Rs 169.037 million (2023: 112.9 million) for repayment of liabilities.

25.2.3 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:

we

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2024	12,378,319	(12,378,319)
as at 30th June 2023	7,359,101	(7,359,101)

25.3 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:

	2024		
	Level 1	Level 2	Level 3
	(Rupees)		
Investment in quoted securities	169,036,843	-	-
	169,036,843	-	-
	2023		
	Level 1	Level 2	Level 3
	(Rupees)		
Investment in quoted securities	112,995,405	-	-
	112,995,405	-	-

25.4 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.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2024			2023		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Managerial remuneration	3,780,000	7,875,000	77,052,840	3,780,000	7,560,000	27,625,000
	3,780,000	7,875,000	77,052,840	3,780,000	7,560,000	27,625,000
Number of persons (including those who worked part of the year)	1	2	30	1	2	15

27. 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	2024 (Rupees)	2023 (Rupees)
Abdul Wahab	CEO/Shareholder	Remuneration	3,780,000	3,780,000
Gul Muhammad Usmani	Director/Shareholder	Remuneration	3,780,000	3,780,000
Muhammad Hanif	Director/Shareholder	Remuneration	4,095,000	3,780,000
Nafeesa Abdul Wahab	Wife of CEO	Receivable / (Payable)	7,024,243	8,445,943
Gul Muhammad Usmani	Director/Shareholder	Receivable / (Payable)	(52,547)	8,488,567
Rizwana	Wife of Director	Receivable / (Payable)	(1,784,370)	585,010
Muzammil	Son of Director	Receivable / (Payable)	16,122,635	598,290
Muhammad Waqas	Son of Director	Receivable / (Payable)	4,887,501	1,293,434
Muhammad Hanif	Director/Shareholder	Receivable / (Payable)	23,832,661	29,088,559
Muhammad Hanif	Director/Shareholder	Receivable / (Payable)	9,552,389	(8,920,168)
Hammad	Son of Director	Receivable / (Payable)	1,110,374	2,195,286
Abdul Wahab	CEO/Shareholder	Receivable / (Payable)	6,887,964	(4,613,583)
Abdul Wahab	CEO/Shareholder	Short term loan	15,706,655	20,306,655

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

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

28.1 Pattern of Shareholding

	2024	2023	2024	2023
	% 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

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

28.3 As at June 30, 2024, neither company's securities pledged with financial institutions, nor customer securities maintained with the company pledged with financial institutions.

28.4 As at June 30, 2024, the value of customer shares maintained with the company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs. 2,809.399 million (2023: Rs. 1,822.515 million).

28.5 Company prepares these financial statements on the settlement date basis and accordingly account for income, assets and liabilities

uly

29. NUMBER OF EMPLOYEES

	2024	2023
	(Number of employees)	
Total number of employees at 30 June.	38	34
Average Number of employees	33	34


30. 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.

31. DATE OF AUTHORIZATION

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

07 OCT 2024



Chief Executive



Director