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**AKHAI SECURITIES  
(PRIVATE) LIMITED**

**Financial Statement  
For the year ended June 30, 2023**

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**REANDA**

Reanda Haroon Zakaria & Company  
Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AKHAI SECURITIES (PRIVATE) LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **Akhai Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, 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, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, 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, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for 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.

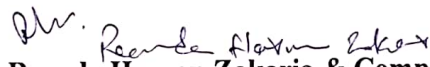
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***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 and other comprehensive income, the statement of changes in equity, 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 year were for 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, section 62 of the Futures Market Act 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.

  
Reanda Haroon Zakaria & Company  
Chartered Accountants



Place: Karachi

Dated: 06 OCT 2023

UDIN: AR202310147VCHzonZJ4



**AKHAI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b><u>ASSETS</u></b>			
<b>Non Current Assets</b>			
Property and equipment	4	20,224,416	21,311,515
Intangible assets	5	2,750,000	2,750,000
Long term deposits	6	1,519,247	2,769,247
Deferred tax asset	7	-	-
		24,493,663	26,830,762
<b>Current Assets</b>			
Trade debts	8	49,763,728	40,396,523
Short term investments	9	19,340,004	12,631,943
Loan to related party	10	2,631,530	-
Advances, deposits and other receivables	11	3,859,795	13,860,507
Advance tax - net of provision		3,683,252	3,698,611
Cash and bank balances	12	2,058,546	2,058,070
		81,336,855	72,645,654
<b>Total Assets</b>		105,830,519	99,476,417
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital Reserves</b>			
Authorized capital	13	55,000,000	45,000,000
Issued, subscribed and paid-up capital	13	55,000,000	45,000,000
Capital reserves		18,000,000	18,000,000
Unappropriated loss		(7,196,759)	(2,456,796)
		65,803,241	60,543,204
<b>Current Liabilities</b>			
Loan from related party	14	3,966,903	-
Trade and other payable	15	852,815	347,970
Short term running finance	16	35,207,560	38,585,243
		40,027,278	38,933,213
<b>Contingencies and commitments</b>	17	105,830,519	99,476,417
<b>Total Equity and Liabilities</b>		105,830,519	99,476,417

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

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 Chief Executive


  
 Director

**AKHAI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
Operating revenue	18	1,389,628	1,687,352
Capital (loss) / gain on sale of investments		(86,592)	1,375,136
Loss on re-measurement of investments carried at fair value through profit or loss		(1,170,545)	(525,841)
		<u>132,491</u>	<u>2,536,647</u>
Operating and administrative expenses	19	<u>(7,029,757)</u>	<u>(3,621,812)</u>
		(6,897,266)	(1,085,165)
Finance costs	20	(4,659,904)	(3,301,780)
Other income	21	7,092,836	-
<b>Loss before taxation</b>		<u>(4,464,335)</u>	<u>(4,386,946)</u>
Taxation	22	(275,628)	(21,092)
<b>Loss after taxation</b>		<u>(4,739,963)</u>	<u>(4,408,038)</u>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<u><u>(4,739,963)</u></u>	<u><u>(4,408,038)</u></u>
<b>Loss per share - basic and diluted</b>	23	<u><u>(0.08)</u></u>	<u><u>(0.98)</u></u>

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

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 Chief Executive



  
 Director

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

	<i>Issued, subscribed and paid-up capital</i>	<i>Capital Reserves</i>	<i>Revenue Reserve Accumulated Profit / (Loss)</i>	<i>Total</i>
	----- Rupees -----			
Balance as at June 30, 2021	45,000,000	-	1,951,242	46,951,242
Loss for the year	-	-	(4,408,038)	(4,408,038)
<b>Transaction with owners:</b>				
- Value of Office premises donated by the director	-	18,000,000	-	18,000,000
Balance as at June 30, 2022	45,000,000	18,000,000	(2,456,796)	60,543,204
Issuance of shares	10,000,000	-	-	10,000,000
Loss for the year	-	-	(4,739,963)	(4,739,963)
Balance as at June 30, 2023	55,000,000	18,000,000	(7,196,759)	65,803,241

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

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 Chief Executive



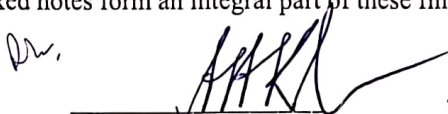
  
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 Director



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

	2023 (Rupees)	2022 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,464,335)	(4,386,946)
<b>Adjustment for non-cash items:</b>		
Depreciation	1,087,099	285,331
Capital gain	86,592	(1,375,136)
Unrealized (gain) / loss - on investment at fair value through P&L	1,170,545	525,841
Dividend income	(2,092,836)	-
Finance costs	4,659,904	3,301,780
<b>Operating (loss) before working capital changes</b>	<b>4,911,304</b>	<b>2,737,817</b>
<b>Changes in working capital</b>		
<b>(Increase)/Decrease in current assets</b>		
Increase in trade debts	(9,367,205)	(17,584,729)
Increase in advances, deposits and prepayments	10,000,712	(12,425,421)
	633,507	(30,010,150)
<b>(Increase)/Decrease in current liabilities</b>		
Increase/(Decrease) in trade and other payable	504,845	(940,471)
<b>Net changes in working capital</b>	<b>6,049,656</b>	<b>(28,212,804)</b>
Finance cost paid	(4,659,904)	(3,301,780)
Taxes paid	(260,269)	(736,038)
	(4,920,173)	(4,037,818)
<b>Net cash (used in) from operating activities</b>	<b>(3,334,852)</b>	<b>(36,637,568)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Long term deposit - net	1,250,000	166,193
Sale / (Purchase) of investments - net	(7,965,198)	42,095,205
Loan disbursed to related parties	(2,631,530)	3,053,500
Capital gain	-	1,375,136
Dividend received	2,092,836	-
<b>Net Cash (used in) / generated from investing activities</b>	<b>(7,253,892)</b>	<b>46,690,034</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of shares	10,000,000	-
Directors loan	3,966,903	-
Short term running finance	(3,377,683)	(10,610,090)
<b>Net Cash generated from / (used in) financing activities</b>	<b>10,589,220</b>	<b>(10,610,090)</b>
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>476</b>	<b>(557,625)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,058,070</b>	<b>2,615,694</b>
<b>Cash and cash equivalents at end of the year</b>	<b>2,058,546</b>	<b>2,058,070</b>

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

  
 Chief Executive



  
 Director

**AKHAI SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Akhai Securities (Private) Limited (the Company) was incorporated on 29th September 2005 as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017).

The Company is a TREC (Trading Right Entitlement Certificate) holder of Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited). The Company is principally engaged in brokerage of shares, stocks, securities, commodities, securities research and other financial instruments. The registered office of the Company is located at Office #10, Ground Floor, Business Centre, Off I.I. Chundrighar Road. Karachi.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standard, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

These financial statements have been prepared under historical cost convention except, for investment which are carried at its 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 rounded off to nearest rupee.

**2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period**

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use

**Effective for period  
beginning on or after**

January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous

January 1, 2022



Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

## 2.5 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<i>Effective for period beginning on or after</i>
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations	January 1, 2023
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards  
IFRS 17 - Insurance Contracts

## 3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies consistently applied in the preparation of these financial statements except policy of charging depreciation. Previously the depreciation was charged on addition for the full year and no depreciation was charged in the year of Disposal. However as per revised policy depreciation is charged from the month of addition and no depreciation is charged in the month of Disposal.



### **3.1 Property and equipment**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

#### ***Owned***

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

Depreciation is charged to profit and loss account by applying the reducing balance method at the rates specified in note 5. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off. Surplus on revaluation of property and equipment is credited to surplus on revaluation of fixed assets account. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation of fixed assets - net of deferred tax is transferred directly to equity.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

#### ***Leased***

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis at the rates specified in note 10.

### **3.2 Intangible assets**

This represents Trading Right Entitlement Certificate of Pakistan Stock Exchange.

TRE Certificate is considered to have indefinite useful life . The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and when carrying value exceeds estimated recoverable amount, these are written to their estimated recoverable amount.

### **3.3 Borrowing costs**

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

## **3.4 Financial assets**

### **3.4.1 Classification and initial measurement**

*The Company classifies its financial assets in the following three categories:*

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

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

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

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

#### **(b) Financial assets at FVOCI**

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

*it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or*

*it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to 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 FVTPL**

*A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.*

*Such financial assets are initially measured at fair value.*

### **3.4.2 Subsequent measurement**

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

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

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

#### **(b) Financial assets at FVOCI**

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



A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and impairment is recognised in statement of profit or loss. Dividend income on equity investment designated at FVOCI is recognised in statement of profit or loss

**(c) Financial assets at FVTPL**

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit and loss account.

**3.4.3 Impairment**

The Company's only financial asset that is subject to the impairment requirements of IFRS 9 is trade receivables.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**3.4.4 De-recognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

**3.5 Financial liabilities**

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

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.



### **3.6 Non-financial assets**

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

### **3.7 Long term deposits**

These are stated at cost which represents the fair value of consideration given.

### **3.8 Trade debts**

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

### **3.9 Taxation**

#### ***Current***

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

#### ***Deferred***

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### **3.10 Revenue recognition**

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

- Brokerage income is recognized as and when such services are provided.
- Interest income is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.

### **3.11 Expenses**

All expenses are recognized in the profit and loss account on an accrual basis.

### **3.12 Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

### **3.13 Trade and Other payables**

Trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received and subsequently measured at ammorized cost.

### **3.14 Dividend**

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

### **3.15 Cash and cash equivalents**

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

### **3.16 Earning per share**

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

### **3.17 Settlement date accounting**

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

4 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V. As at June 30, 2023
	As at July 01, 2022	Additions / (Disposal)	As at June 30, 2023		As at July 01, 2022	For the year	As at June 30, 2023	
	----- Rupees -----							
Furniture and Fixture	163,773	-	163,773	15%	153,519	1,538	155,058	8,716
Computer equipment	706,970	-	706,970	30%	655,313	15,497	670,810	36,160
Office equipment	272,990	-	272,990	30%	242,656	9,100	251,756	21,234
Showroom No. 10 New business Centre	18,000,000	-	18,000,000	5%	75,000	896,250	971,250	17,028,750
Room No. 623 in KSE building	6,525,000	-	6,525,000	5%	3,230,730	164,713	3,395,444	3,129,556
<b>June 30, 2023</b>	<b>25,668,733</b>	<b>-</b>	<b>25,668,733</b>		<b>4,357,218</b>	<b>1,087,099</b>	<b>5,444,317</b>	<b>20,224,416</b>

Particulars	Cost			Rate %	Depreciation			W.D.V. As at June 30, 2022
	As at July 01, 2021	Additions / Disposal	As at June 30, 2022		As at July 01, 2021	For the year	As at June 30, 2022	
	----- Rupees -----							
Furniture and Fixture	163,773	-	163,773	15%	151,710	1,810	153,519	10,254
Computer equipment	706,970	-	706,970	30%	633,174	22,139	655,313	51,657
Office equipment	272,990	-	272,990	30%	229,655	13,000	242,656	30,334
Showroom No. 10 New business Centre	-	18,000,000	18,000,000	5%	-	75,000	75,000	17,925,000
Room No. 623 in KSE building	6,525,000	-	6,525,000	5%	3,057,347	173,383	3,230,730	3,294,270
<b>June 30, 2022</b>	<b>7,668,733</b>	<b>18,000,000</b>	<b>25,668,733</b>		<b>4,071,887</b>	<b>285,331</b>	<b>4,357,218</b>	<b>21,311,515</b>



	Note	2023 (Rupees)	2022 (Rupees)
<b>5 INTANGIBLE ASSETS</b>			
PMEX		250,000	250,000
Trading right entitlement certificate	5.1	<u>2,500,000</u>	<u>2,500,000</u>
		<u>2,750,000</u>	<u>2,750,000</u>

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.

	Note	2023 (Rupees)	2022 (Rupees)
<b>6 LONG-TERM DEPOSITS</b>			
Pakistan Stock Exchange Limited - Deposits		209,017	209,017
Central Depository Company - Deposits		100,000	100,000
Other deposits		10,230	510,230
PMEX Membership Deposit		-	750,000
National Clearing Company Pakistan Limited - Deposits		200,000	200,000
Base minimum deposit		<u>1,000,000</u>	<u>1,000,000</u>
		<u>1,519,247</u>	<u>2,769,247</u>

#### 7 DEFERRED TAX (ASSET)/DEFERRED TAX LIABILITY

##### Relating to taxable temporary difference

Accelerated tax deprecation	(639,321)	(144,690)
Loss on remeasurement of investments at FVTPL	(146,318)	(65,730)

##### Relating to deductible temporary difference

Decelerated. tax amortization	<u>159,500</u>	<u>79,750</u>
Deferred tax asset	(626,139)	(130,670)
Deferred tax asset not recognized	<u>626,139</u>	<u>130,670</u>
	<u>-</u>	<u>-</u>

#### 8 TRADE DEBTS

Trade debts- client	8.1	<u>49,763,728</u>	<u>40,396,523</u>
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##### 8.1 Aging analysis of trade debts

##### Balance outstanding

Past due 1 - 14 days	4,079,559	4,886,340
Past due 15 - 30 days	1,204,678	968,700
Past due 31 - 60 days	955,695	3,310,546
Past due 61 - 90 days	156,567	3,261,033
Past due 90 days or more	<u>43,367,229</u>	<u>27,969,905</u>
	<u>49,763,728</u>	<u>40,396,524</u>

#### 9 SHORT TERM INVESTMENTS

- At fair value through profit and loss

	<u>19,340,004</u>	<u>12,631,943</u>
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2023 2022  
Number of Shares

2023 2022  
Rupees Rupees

1	1	Allied Bank Limited	67	69
-	700	AGP Limited	-	61,334
50	50	Al-Ghazi Tractors Limited	12,692	19,509
2	2	Arif Habib Limited	53	89
71	57	Attock Petroleum Limited	21,318	18,315
1,578	78	Attock Refinery Limited	270,832	13,711
143	2,500	Avanceon Limited	6,298	194,775
1	1	The Bank Of Khyber	13	15
693	350	Century Paper & Board Mills Limited	19,570	21,630
1,058	500	Cherat Cement Company Limited	127,256	46,520
-	400	Cnergyico Pk Limited	-	2,136
-	1,000	Citi Pharma Limited	-	32,640
500	500	Crescent Steel & Allied Products Limited	10,750	20,835
34	34	Dawood Hercules Corporation Limited	3,400	3,147
3,440	531	D.G. Khan Cement Company Limited	176,472	33,188
72	72	Dawood Lawrencepur Limited	16,070	12,800
1,000	1,000	Dewan Salman Fibre Limited	880	880
43,183	60,372	Engro Fertilizers Limited	3,563,893	5,263,814
149	149	Engro Polymer And Chemicals Limited	6,295	11,865
4,687	10,000	Fauji Cement Company Limited	55,119	141,700
-	6,600	Fauji Fertilizer Company Limited	-	727,452
11,000	1,000	Fauji Foods Limited	63,140	6,630
10,000	15,000	Flying Cement Company Limited	55,400	107,700
4,534	13,500	Gul Ahmed Textile Mills Limited	80,751	456,435
4	4	Company Limited	82	136
10,428	24	Hascol Petroleum Limited	57,875	101
1,000	1,000	HBL Growth Fund - Class A	4,680	5,150
1,000	1,000	Hbl Growth Fund - Class B Segment	-	-
44,997	18,597	The Hub Power Company Limited	3,130,891	1,267,757
56	49	Jubilee Life Insurance Company Limited	6,354	7,409
3,800	25,500	Kot Addu Power Company Limited	79,040	702,015
10,046	10,000	Lotte Chemical Pakistan Limited	276,466	236,200
1,000	1,000	Lalpir Power Limited	14,950	12,750
1	1	Mari Petroleum Company Limited	1,515	1,740
1	1	Meezan Bank Limited	86	113
-	7,500	Maple Leaf Cement Factory Limited	-	205,125
100	100	Mughal Iron And Steel Industries Limited	4,844	5,764
500	5,000	Nishat Chunian Power Limited	8,350	74,550
20	432	Netsol Technologies Limited	1,497	43,088
46,076	1,405	Oil & Gas Development Company Limited	3,593,928	110,531
12,891	4,383	Pakistan Petroleum Limited	762,374	295,896
-	2,177	Pakistan Refinery Limited	-	38,947
3,700	3,000	Pakistan State Oil Company Limited	410,737	515,520
953	156,953	Pakistan Stock Exchange Limited	7,052	1,605,629
800	800	Pakistan Telecommunicationcompany Ltd.	4,808	5,568
19,580	900	The Searle Company Limited	750,306	98,118
9	9	Silkbank Limited	9	11
100,720	100,720	Security Leasing Corporationlimited - Freeze	100,720	100,720
14,188	500	Sui Northern Gas Pipelines Limited	558,582	17,105
19,921	921	Sui Southern Gas Company Limited	171,121	8,344
34	34	Systems Limited	13,713	11,215
45	45	Thal Limited	7,290	12,133
<b>374,066</b>	<b>456,452</b>		<b>14,457,539</b>	<b>12,578,823</b>

C/f

2023	2022		2023	2022
Number of Shares			Rupees	Rupees
374,066	456,452	B/f	14,457,539	12,578,823
145	645	Treet Corporation Limited	2,295	18,821
1,098	184	Trg Pakistan Limited - Class 'A'	101,159	14,229
1,000	1,000	Unity Foods Limited	15,630	20,070
100	-	Adamjee Insurance Company Limited	2,263	-
142	-	Askari Bank Limited	1,840	-
15,000	-	Aisha Steel Mills Limited	81,000	-
5,000	-	Amreli Steels Limited	76,750	-
25,000	-	Bankislami Pakistan Limited	444,000	-
5,000	-	Dewan Farooque Motors Limited	53,700	-
9,206	-	Engro Corporation Limited	2,392,547	-
500	-	Engro Powergen Qadirpur Limited	11,400	-
259	-	Faysal Bank Limited	5,227	-
800	-	Glaxosmithkline Pakistan Limited	60,296	-
500	-	International Steels Limited	20,265	-
180	-	National Bank Of Pakistan	3,506	-
2,500	-	National Refinery Limited	375,000	-
10,000	-	Pak Elektron Limited	90,500	-
800	-	Pakistan International Bulkterminal Limited	3,288	-
5	-	Pioneer Cement Limited	433	-
250	-	Pak Suzuki Motor Company Limited	23,800	-
1,000	-	Shell Pakistan Limited	115,650	-
5,000	-	Shabbir Tiles & Ceramics Limited	41,600	-
2,000	-	The Organic Meat Company Limited	41,560	-
880	-	Tpl Properties Limited	10,965	-
1,000	-	United Bank Limited	117,540	-
725,000	-	Worldcall Telecom Limited	790,250	-
<b>1,186,431</b>	<b>458,281</b>		<b>19,340,004</b>	<b>12,631,943</b>

9.1 Investment in various equity shares carried at market value.

9.2 Detail of pledged securities with the financial institutions is as follows:

	2023 (Rupees)	2022 (Rupees)
Securities pledged on own account	18,071,004	12,617,902
Securities pledged on account of clients	52,421	28,494
Securities pledged on account of related parties in sub accounts	1,757,511	749,711
	<b>19,880,936</b>	<b>13,396,107</b>

9.3 Details of assets held on account of clients in CDS:

	<b>10,499,272</b>	<b>8,692,159</b>
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## 10 LOAN TO RELATED PARTIES

Loan To Director - M. Aslam Akhai

	<b>2,631,530</b>	-
	<b>2,631,530</b>	-

10.1 This represents interest free loan payable at the demand of lender.



## 11 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	2023 (Rupees)	2022 (Rupees)
Advances to employees	1,608,000	1,600,000
Advances to directors	1,823,000	1,815,000
Exposure Deposit	-	395,731
Other receivables	428,795	10,049,776
	<u>3,859,795</u>	<u>13,860,507</u>

## 12 CASH AND BANK BALANCES

Cash in hand	1,783,701	1,783,701
Cash at bank - Current	274,845	274,369
	<u>2,058,546</u>	<u>2,058,070</u>

12.1 This includes Rs. 250,071 (2022 Rs. 201,650) kept in designated bank accounts maintained on behalf of clients.

## 13 SHARE CAPITAL

### 13.1 Authorized Share Capital

2023	2022		2023 (Rupees)	2022 (Rupees)
<u>5,500,000</u>	<u>4,500,000</u>	Ordinary shares of Rs. 10 each	<u>55,000,000</u>	<u>45,000,000</u>

### 13.2 Issued, Subscribed And Paid-Up Share Capital

<u>5,500,000</u>	<u>4,500,000</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>55,000,000</u>	<u>45,000,000</u>
<u>5,500,000</u>	<u>4,500,000</u>		<u>55,000,000</u>	<u>45,000,000</u>

13.3 During the year, the Company issued 1,000,000 ordinary shares which were fully paid-up in cash.

13.4 There is only one class of shares. There is no agreement among shareholder in respect of voting rights, board selection, right of first refusal and block voting.

### 13.5 Pattern of Share Holding

Directors	2023		2022	
	Number of shares held	% of shares held	Number of shares held	% of shares held
Tariq Akhai	946,789	17%	946,789	17%
Shaista Aram	211,719	3.85%	211,719	3.85%
Muhammad Aslam Akhai	1,564,887	28.45%	1,564,887	28.45%
Muhammad abid Akhai	1,776,605	32.30%	1,776,605	32.30%
Hanif Qadri	1,000,000	18.18%		
<b>Total</b>	<u>5,500,000</u>	<b>100.00%</b>	<u>4,500,000</u>	<b>100.00%</b>



	2023 (Rupees)	2022 (Rupees)
<b>14 LOAN FROM RELATED PARTY</b>		
<i>Mr. Abid Akhai</i>	8,966,903	-
Received	-	-
Paid during	(5,000,000)	-
Waived	3,966,903	-
21	<u>3,966,903</u>	<u>-</u>

14.1 This loan is interest free and payable on demand.

#### 15 TRADE AND OTHER PAYABLES

Trade creditors	250,072	201,650
Accrued expense	361,966	59,066
Other payables	240,777	87,254
	<u>852,815</u>	<u>347,970</u>

#### 16 SHORT TERM RUNNING FINANCE

##### *Secured-from banking companies*

Running finance facility- Bank AL Habib Limited	15.1	7,608,065	16,204,304
Running finance facility- JS Bank Limited	15.2	27,599,495	22,380,939
		<u>35,207,560</u>	<u>38,585,243</u>

16.1 The facility is secured against pledge of listed securities and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2% (2022 : 3 months KIBOR + 2%). Total aggregate sanctioned limit is Rs. 20 million and unavailed facility is Rs. 12.52 million.

16.2 The facility is secured against pledge of listed securities and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 250 base points (2022 : 3 months KIBOR + 250 base points). Total aggregate sanctioned limit is Rs. 40 million and unavailed facility is Rs. 14 million.

#### 17 CONTINGENCIES AND COMMITMENTS

The facilities for letter of Guarantee amounted to Rs. 7 million (2022: 7 million) as at 30 June 2023.

	2023 (Rupees)	2022 (Rupees)
<b>18 OPERATING REVENUE</b>		
Brokerage income	<u>1,389,628</u>	<u>1,687,352</u>
This amount is inclusive of sales tax.		
<b>19 OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances and other benefits	1,347,150	1,010,200
Utilities	313,818	368,180
Audit fee	19.1 248,400	216,000
Legal and professional	794,955	95,411
Fee and subscription	505,772	233,051
Professional tax	20,000	14,259
Transaction charges	405,225	410,523
IT charges and other related office expenses	598,808	223,613
Travelling and conveyance	442,921	215,222
Repair and maintenance	11,000	226,850
Printing and stationery	12,000	7,650
Insurance	68,358	39,234
Depreciation	4 1,087,099	285,331
Balances written down	750,000	-
Others	-	53,000
Miscellaneous expenses	424,251	223,287
	<u>7,029,757</u>	<u>3,621,812</u>
<b>19.1 Audit fee</b>		
Statutory audit fee	230,000	200,000
SRB @ 8%	18,400	16,000
	<u>248,400</u>	<u>216,000</u>
<b>20 FINANCE COSTS</b>		
Markup Charges	4,626,414	3,185,588
Bank charges	33,490	116,192
	<u>4,659,904</u>	<u>3,301,780</u>
<b>21 OTHER INCOME</b>		
Dividend income	2,092,836	-
Director loan waived	5,000,000	-
	<u>7,092,836</u>	<u>-</u>
<b>22 TAXATION</b>		
- Current year	<u>275,628</u>	<u>21,092</u>
<b>23 LOSS PER SHARE - BASIC AND DILUTED</b>		
Weighted average number of ordinary shares	<u>(4,464,335)</u>	<u>(4,408,038)</u>
	<u>55,000,000</u>	<u>4,500,000</u>
Earning per share	<u>(0.08)</u>	<u>(0.98)</u>

## 24 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

### 24.1 Financial instrument by category

#### 24.1.1 Financial assets

	At fair value through profit & loss	At fair value through OCI	At Amortized cost	Total
Long term deposits	-	-	1,519,247	1,519,247
Trade debts	-	-	49,763,728	49,763,728
Investments	19,340,004	-	-	19,340,004
Advances, deposits and other receivables	-	-	3,859,795	3,859,795
Loan from related party	-	-	2,631,530	2,631,530
Bank balances	-	-	274,845	274,845
<b>As at June 30, 2023</b>	<b>19,340,004</b>	<b>-</b>	<b>58,049,145</b>	<b>77,389,149</b>
Long term deposits	-	-	2,769,247	2,769,247
Trade debts	-	-	40,396,523	40,396,523
Investments	12,631,943	-	-	12,631,943
Advances, deposits and other receivables	-	-	13,860,507	13,860,507
Loan from related party	-	-	-	-
Bank balances	-	-	274,369	274,369
<b>As at June 30, 2022</b>	<b>12,631,943</b>	<b>-</b>	<b>57,300,646</b>	<b>69,932,589</b>

#### 24.1.2 Financial Liabilities at Amortized Cost

	2023 (Rupees)	2022 (Rupees)
Short term running finance	35,207,560	38,585,243
Trade and other payables	852,815	347,970
	<b>36,060,375</b>	<b>38,933,213</b>

### 24.2 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:

#### 24.2.1 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.

Credit risk is minimised due to the fact that the company invests only in high quality financial assets, all transactions are settled/paid for upon delivery. The company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2023 Rupees	2022 Rupees
Long term deposits	1,519,247	2,769,247
Investment at Fair Value through P&L	19,340,004	12,631,943
Advances, deposits, prepayments and other receivable	-	395,731
Trade debts	49,763,728	40,396,523
Bank Balances	274,845	274,369
	<b>70,897,824</b>	<b>56,467,813</b>



### 24.2.2 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.

	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>One to two years</i>
----- Rupees -----				
<b>Financial Liabilities</b>				
Short term running finance	35,207,560	35,207,560	-	35,207,560
Trade and other payables	852,815	852,815	-	852,815
<b>As at June 30, 2023</b>	<b>36,060,375</b>	<b>36,060,375</b>	<b>-</b>	<b>36,060,375</b>
<b>Financial Liabilities</b>				
Short term running finance	38,585,243	38,585,243	-	38,585,243
Trade and other payables	347,970	347,970	-	347,970
<b>As at June 30, 2022</b>	<b>38,933,213</b>	<b>38,933,213</b>	<b>-</b>	<b>38,933,213</b>

On the balance sheet date, the company has cash and bank balances of Rs. 2.51 million (2022 Rs. 2.05 million) and short term investments of Rs. 19.2 million (2022: 12.6 million) for repayment of liabilities.

### 24.2.3 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 interest rates.

<b>Following financial liabilities are exposed to interest rate risk.</b>	<b>Note</b>	<b>2023 Rupees</b>	<b>2022 Rupees</b>
Short term running finance - From Financial institutions	16	<u>35,207,560</u>	<u>38,585,243</u>

#### **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.

### 24.3 Capital risk management

The primary objective of the company's capital risk management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The company finances its operations through 100% equity with a view to maintain an appropriate mix between various sources of finance to minimise risk.

## 25 REMUNERATION TO THE CHIEF EXECUTIVE AND DIRECTOR

	2023		2022	
	Chief Executive	Director	Chief Executive	Director
	----- (Rupees) -----			
Managerial remuneration	-	-	624,000	624,000
	-	-	624,000	624,000
Number of persons	1	1	1	1

## 26 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:

	2023 (Rupees)	2022 (Rupees)
<b>Balance at the end of the year</b>		
Loan payable to - M.Abid Akhai	3,966,903	-
Loan (receivable from) - M.Asam Akhai	(2,631,530)	-
<b>Advances to Directors</b>		
Advance to M Abid Akhai	863,400	863,400
Advance to M.Asam Akhai	951,600	951,600.00

## 27 CAPITAL ADEQUACY LEVEL

Total Assets	105,830,519	99,476,417
Less: Total Liabilities	(40,027,278)	(38,933,213)
<b>Capital Adequacy Level.</b>	<b>65,803,241</b>	<b>60,543,204</b>

While determining the value of total assets of the TREC holder, notional value of TRE certificate held by the company as at June 30, 2023, as determined by PSX has been considered.



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1</b>	<b>ASSETS</b>			
1.1	Property & Equipment	20,224,416	20,224,416	-
1.2	Intangible Asscts	2,750,000	2,750,000	-
1.3	Investment in Govt. Securities	-	-	-
1.4	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>	-	-	-
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	<b>If unlisted than:</b>	-	-	-
	i. 10% of the balance sheet value in the case of tenure upto 1	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital)	19,340,004	3,215,368	16,124,636
	ii. If unlisted, 100% of carrying value.	-	-	-
1.6	<b>Investment in subsidiaries</b>			
	100% of net value.	-	-	-
1.7	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	<b>Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.</b>			
	100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	1,519,247	1,519,247	-
		-	-	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	1,823,000	1,823,000	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1.15</b>	<b>Advances and receivables other than trade Receivables;</b>			
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	1,608,000	-	1,608,000
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation.	-	-	-
	(iii) In all other cases 100% of net value	3,683,252	3,683,252	-
<b>1.16</b>	<b>Receivables from clearing house or securities exchange(s)</b>			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	428,795	-	-
<b>1.17</b>	<b>Receivables from customers</b>			
	i.) In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii.) In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii.) In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	13,453	-	13,453
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	45,690,096	16,230,182	29,459,914
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. vi. Lower of net balance sheet value or value determined through adjustments	4,060,178	4,060,178	-
<b>1.18</b>	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	24,774	-	24,774
	ii. Bank balance-customer accounts	250,071	-	250,071
	iii. Cash in hand	1,783,701	-	1,783,701
<b>1.19</b>	<b>Subscription money against investment in IPO / offer for sale (asset)</b>			

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.	-	-	-
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.	-	-	-
1.20	<b>Total Assets</b>	<b>103,198,987</b>	<b>53,505,643</b>	<b>49,264,549</b>

## 2 LIABILITIES

2.1	<b>Trade Payables</b>	-	-	-
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	250,072	-	250,072
2.2	<b>Current Liabilities</b>	-	-	-
	i. Statutory and regulatory dues	240,777	-	240,777
	ii. Accruals and other payables	361,966	-	361,966
	iii. Short-term borrowings	35,207,560	-	35,207,560
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	<b>Non-Current Liabilities</b>	-	-	-
	i. Long-Term financing	-	-	-
	ii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	iii. Staff retirement benefits	-	-	-
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases	-	-	-
2.4	<b>Subordinated Loans</b>	-	-	-
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:	-	-	-
2.5	<b>Advance against shares for Increase in Capital of Securities broker:</b>	-	-	-
	100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
2.6	<b>Total Liabilities</b>	<b>36,060,375</b>	<b>-</b>	<b>36,060,375</b>



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
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### 3 RANKING LIABILITIES RELATING TO:

3.1	<b>Concentration in Margin Financing</b> The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	<b>Concentration in securites lending and borrowing</b> The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed.	-	-	-
3.3	<b>Net underwriting Commitments</b> <b>(a) in the case of right issue:</b> if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting. <b>(b) in any other case :</b> 12.5% of the net underwriting commitments	-	-	-
3.4	<b>Negative equity of subsidiary</b> The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	<b>Foreign exchange agreements and foreign currency positions</b> 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency	-	-	-
3.6	<b>Amount Payable under REPO</b>	-	-	-
3.7	<b>Repo adjustment</b> <b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securites. <b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	<b>Concentrated proprietary positions</b> If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security.	-	-	-



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>3.9</b>	<b>Opening Positions in futures and options</b>			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
<b>3.10</b>	<b>Short sell positions</b>			
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
<b>3.11</b>	<b>Total Ranking Liabilities</b>	-	-	-
		<b>67,138,612</b>	<b>53,505,643</b>	<b>13,204,174</b>

#### Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	49,264,549
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(36,060,375)
(iii) Less: Total ranking liabilities (series number 3.11)	-
	<u>13,204,174</u>

## 29 NET CAPITAL BALANCE

29.1 Net Capital Balance requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of specified current assets over current liabilities.

29.2 The Net Capital Balance as required under the Second Schedule of Securities Brokers (Licensing and Operations) Regulations, 2016 read with the SECP guidelines is calculated as follows;

	<i>Note</i>	<i>2023 Rupees</i>
<b><u>CURRENT ASSETS</u></b>		
<i>Cash in hand</i>		1,783,701
<i>Cash at bank</i>		
- Pertaining to brokerage house		24,774
- Pertaining to clients		250,071
<i>Total bank balances</i>	29.3	274,845
<i>Trade Receivables</i>		
Book value		49,763,728
Less: over due for more than 14 days		(45,684,168)
Balance generated within 14 days and / or not yet due	29.4	4,079,560
Securities held on behalf of client where payment has not been received in 14 days	29.5	29,459,914
<i>Investment in listed securities</i>		
Securities on the exposure list marked to market		19,340,004
Less: 15% discount		(2,901,001)
	29.6	16,439,004
<i>Total Current Assets</i>	A	<u>52,037,024</u>
<b><u>CURRENT LIABILITIES</u></b>		
<i>Trade Payables</i>		
Book value		250,072
Less: over due for more than 30 days		(211,808)
	29.7	<u>38,264</u>
Other liabilities	29.8	<u>40,027,278</u>
<i>Total Current Liabilities</i>	B	<u>40,065,542</u>
<b>NET CAPITAL BALANCE</b>	<b>A minus B</b>	<b><u><u>11,971,482</u></u></b>

**29.3 Cash at bank**

- <i>Pertaining to brokerage house</i>	
Saving	-
Current account	24,774
	<hr/>
- <i>Pertaining to clients</i>	
Saving	-
Current account	250,071
	<hr/>

**29.4 Trade receivables**

This amount is based on 14 days net capital aging of trade receivables.

**29.5 Securities held on behalf of clients where payment has not been received in 14 days**

The amount represents lower of securities held and receivable above 14 days from clients.

**29.6 Investment in listed securities**

Listed equity securities	19,340,004
Less: shares pledged with PSX for meeting BMC requirement	-
Amount eligible for discount	19,340,004
Less: 15% discount	(2,901,001)
	<hr/>
	16,439,004
	<hr/>

**29.7 Trade payable**

This amount is based on 30 days net capital aging of trade payables.

**29.8 Other liabilities**

Trade payable over due for more than 30 days	250,072
Accrued expenses	361,966
Other liabilities	240,777
Loan from director	3,966,903
Short term borrowings	35,207,560
	<hr/>
	40,027,278
	<hr/>



**30 NUMBER OF EMPLOYEES**

Total number of employees for the year

2      2

Average number of employees for the year

2      2

**31 GENERAL**

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

**32 DATE OF AUTHORIZATION**

These financial statements have been authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

*Handwritten initials*

*Handwritten signature*  
Chief Executive



*Handwritten signature*  
Director



# AKHAI SECURITIES (PVT) LTD.

TREC HOLDER/STOCK BROKERAGE HOUSE: PAKISTAN STOCK EXCHANGE LTD.

## DIRECTORS' REPORT

Dear Members

On behalf of the Board of Directors of **AKHAI Securities (Pvt. ) Limited**, we are pleased to submit the Directors report together with audited financial statements of the company for the year ended 30<sup>th</sup> June, 2023.

### OVERVIEW:

The principal activity of the company is dealing in Chemicals & Petroleum Products. The registered office of the Company is located at **Office No. 10 Ground Floor, Business Center, Off I.I. Chundrigar Road Karachi.**

### Financial Results:

	2022	2021
	Rupees	Rupees
Profit / (Loss) before tax	8,326,400	18,233,310
Taxation- net	(4,627,688)	(7,296,244)
Profit / (Loss) after taxation	<b>3,698,712</b>	<b>10,937,066</b>
Accumulated Profit / (loss)	10,398,741	6,700,029

The Company posted sales in the term of Rupees achieved at Rs. 280,400,527 compared to Rs. 191,869,349 in the last year increased by 46%.

The Administrative expenses increased to Rs. 18,510,608 compared to Rs. 12,479,468 in the last year increased by 48%. The Selling expenses increased to Rs. 1,042,137 compared to Rs. 645,657 in the last year increased by 61%. The Financial cost however, has increased to Rs. 14,380,775 during the year from Rs. 1,838,468 in the last year increased by 682%.

### OPERATIONAL RESULTS

The company has expanded its commercial operation during the year wherein the company imported the chemical worth Rs. 377,075,864 compared to Rs. 228,153,893 in the last year increased by 65.25%. Political turmoil, the exchange rate, availability of the dollar in the market, and monetary policy rate all collectively damage the local market and due to that reason, desired results were not achieved as envisaged. Although, sales during the year escalated by 46% while profit before tax has been reduced by 66% because of the hike in interest rates by the State Bank of Pakistan and commercial banks.

During the year Rs. 70,000,000/- of advance against equity has been converted into the ordinary share capital having at par value of Rs. 10/- each share.



# AKHAI SECURITIES (PVT) LTD.

TREC HOLDER/STOCK BROKERAGE HOUSE: PAKISTAN STOCK EXCHANGE LTD.

## SHAREHOLDERS / DIRECTORS

### FUTURE PROSPECTS:

The Directors are planning to reach a benchmark in the chemical trade. To accomplish this plan, the Shareholders are optimistic to increase their capital injection. Moreover, the management is working with different banks to establish financing facilities to support the Company's import plans. The marketing team has already established prosperous business relationships with the clients to secure a successful trade with them. The directors are confident that the upcoming year will be flourishing for the Company.

### STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the company present fairly its state of affairs, results of its operations, cash flow, and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements, changes if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
- The International accounting standards, as applicable in Pakistan, have been followed in the preparation of financial statements, and deviation there if any, has been adequately disclosed.

#### **Statutory Auditors**

The present Auditors M/s Reanda Haroon Zakaria & Company Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board's Director has recommended the appointment of M/s Reanda Haroon Zakaria & Company Chartered Accountants as auditors for the ensuing year, also.

#### **On behalf of the Board of Directors**

Chief Executive Officer  
Dated: 05<sup>th</sup> October, 2023



Director  
Dated: 05<sup>th</sup> October, 2023



October 05, 2023

The Board of Directors  
Akhai Securities (Private) Limited  
Karachi.

Dear Sirs,

**SUBJECT: FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

We are pleased to enclose herewith four copies of the revised financial statements of the Company for the year ended June 30, 2023 together with our report thereon duly initialed by us for identification purposes.

We shall be pleased to sign our enclosed revised report and return two copies thereof, after: -


- a) the enclosed financial statements are considered and approved by the Board of Directors and signed by the Chief Executive and at least one Director and minutes of relevant meeting are provided to us;
- b) We will receive a revised letter of representation including the representation that no events have occurred between the date of financial statements issued and revised auditors report except for the revision in valuation report, duly signed by the Chief Executive and Director;
- c) Revised Director report including reasons of revision in value by the expert.
- d) Loan from director confirmation amounting to **Rs 3,966,903/-**

***Increase in audit fee***

Considering the continuing inflation, we propose that audit fee for the year ended June 30, 2024 will be increased by 10% plus out of pocket and sales tax.

Finally, we wish to place on record our appreciation for the courtesies and cooperation extended to us by the management and staff of the company at all levels during the course of our audit.

Yours truly,

  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants