

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Independent auditor's report to the members of Riaz Ahmed Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Riaz Ahmed Securities (Private) Limited**, which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements of the company and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Other matter paragraph

The financial statements of the company for the year ended June 30, 2021 were audited by another auditor who expressed an un-modified opinion on those statements as on October 07, 2021.

The engagement partner on the audit resulting in this independent auditor's report is **Zahid Hussain Zahid, FCA.**

MUSHTAQ & CO
Chartered accountants

Karachi.

Date: 07 OCT 2022

UDIN: AR202210043BCVuLwRaD

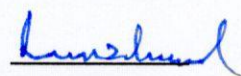
RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Statement of Financial Position

As At June 30, 2022

	<i>Note</i>	2022 Rupees	2021 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	5	264,253	282,683
Right of Use asset	6	1,691,109	1,009,240
Intangible asset	7	2,500,000	2,500,000
Long Term Investment	8	52,984,168	50,890,292
Long Term Deposits	9	350,000	350,000
		57,789,530	55,032,215
Current Assets			
Short Term Investments	10	13,515,302	13,206,163
Advances, deposits & pre-payments	11	62,000	60,000
Tax Refund due from Government	12	400,903	-
Cash and bank balances	13	7,844,204	10,514,158
		21,822,409	23,780,321
		79,611,939	78,812,536
EQUITY AND LIABILITIES			
Share Capital & Reserves			
Authorized Capital		50,000,000	50,000,000
Issued, subscribed and paid up capital	14	47,493,370	47,493,370
Unrealized surplus / (deficit) on remeasurement of investments measured at FVOCI		22,638,138	20,544,262
Unappropriated Profit / (Loss)		5,253,447	7,188,120
		75,384,955	75,225,752
Liabilities			
Non Current Liabilities			
Deferred Tax Liabilities	15	-	36,269
Lease Liability of Right to use Asset	16	1,060,171	373,946
Current Liabilities			
Account payables	17	2,358,155	2,149,615
Current portion of lease liability	16	607,041	513,350
Provision for Taxation	18	-	262,763
Accrued and Other Liabilities	19	201,617	250,841
		3,166,813	3,176,569
Contingencies and Commitments	20	79,611,939	78,812,536

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive

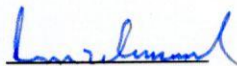



Director

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Statement of Profit or Loss
For the Year Ended June 30, 2022

	<i>Note</i>	2022 Rupees	2021 Rupees
Operating Revenue	21	5,464,207	8,707,463
Capital gain / (loss) on sale of investment - net		(395,937)	7,637,846
(Loss) / gain on re-measurement of investment carried at fair value through profit or loss-net		(2,572,741)	(4,015,850)
		<u>2,495,529</u>	<u>12,329,459</u>
Operating and Administrative Expenses	22	(4,265,206)	(4,246,933)
Profit / (loss) from operation		<u>(1,769,677)</u>	<u>8,082,526</u>
Financial charges	23	(134,055)	(32,413)
Other income	24	463,675	368,463
Profit / (Loss) before taxation		<u>(1,440,057)</u>	<u>8,418,576</u>
Taxation	25	(494,615)	(1,595,562)
Profit / (Loss) after taxation		<u><u>(1,934,673)</u></u>	<u><u>6,823,014</u></u>
Earnings / (Loss) per share		<u>(0.41)</u>	<u>1.44</u>

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Chief Executive

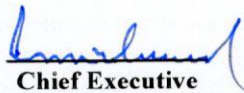



Director

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Statement of Other Comprehensive Income
For the Year Ended June 30, 2022

	2022 Rupees	2021 Rupees
Profit / (Loss) after Taxation	(1,934,673)	6,823,014
Items that may be reclassified to the Profit or loss:		
Loss on remeasurement of TREC	-	-
Items that may not be reclassified to the Profit or loss:		
Gain on ISE REIT Management shares	2,093,876	4,005,676
Other comprehensive income for the year	2,093,876	4,005,676
Total Comprehensive income for the year	<u>159,203</u>	<u>10,828,690</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive

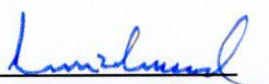



Director

RIAZ AHMED SECURITIES (PRIVATE) LIMITED**Statement of Cash flows****For the Year Ended June 30, 2022**

	2022	2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(1,440,057)	8,418,576
Adjustments for non cash items:		
Depreciation	659,141	604,222
Unrealised (Gain) / loss on investment	(2,572,741)	(4,015,850)
Financial charges	134,055	32,413
	<u>(1,779,545)</u>	<u>(3,379,215)</u>
Operating profit before working capital changes	(3,219,602)	5,039,361
Changes in operating assets and liabilities		
(Increase) / decrease in:		
Accounts Receivable	-	-
Advances, Deposits and prepayments	(2,000)	(55,000)
Short Term Investments	(309,139)	(4,003,987)
Increase / (decrease) in:		
Accounts Payable	208,539	893,102
Accrued and Other Liabilities	(49,224)	(41,161)
	<u>(151,824)</u>	<u>(3,207,046)</u>
Cash utilized in operations	(3,371,426)	1,832,315
Financial charges paid	(134,055)	(32,413)
Unrealised (Gain) / loss on investment	2,572,741	4,015,850
Lease paid	(506,013)	(426,735)
Taxes paid	(1,194,551)	(993,026)
	<u>738,122</u>	<u>2,563,676</u>
Net cash generated from / (used in) operating activities	(2,633,304)	4,395,990
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Assets	(36,650)	(138,118)
Net cash used in investing activities	(36,650)	(138,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	(2,669,954)	4,257,872
Cash and cash equivalents at the beginning of the period	10,514,158	6,256,286
Cash and cash equivalents at the end of the period	7,844,204	10,514,158

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive




Director

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity
For the Year Ended June 30, 2022

	Capital Reserve		Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI	Revenue Reserve		Total
	Share capital	Share premium		Unappropriated profit / (Loss)		

-----Rupees-----

Balance as at 01 July 2020	47,493,370	-	16,538,586	365,106	64,397,062
Net profit / (loss) for the year ended June 30, 2021	-	-	4,005,676	6,823,014	10,828,690
Balance as at 30 June, 2021	47,493,370	-	20,544,262	7,188,120	75,225,752
Balance as at 01 July 2021	47,493,370	-	20,544,262	7,188,120	75,225,752
Net profit / (loss) for the year ended June 30, 2022	-	-	2,093,876	(1,934,673)	159,203
Balance as at 30 June, 2022	47,493,370	-	22,638,138	5,253,447	75,384,955

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive




Director

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

1 The Company's operations and registered office

Riaz Ahmed Securities (Private) Limited ("the Company") was incorporated in May 11, 2006 under the Companies Ordinance 1984 as a Private Limited company at Islamabad and is primarily engaged in the business of stocks, brokerage, portfolio management and in secondary capital market operations. It is also actively taking part in the initial public offerings (IPO's) and providing all relative services to the general public to promote investment. Company office is situated at G- 9(A) Mezzanine of ISE Towers, 55-B, Jinnah Avenue, Sector F-7/G-7, Islamabad.

2 Accounting convention and 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" or "IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017, provisions of or directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations"). In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except:

- Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:

IAS 1	Presentation of financial statements	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance contracts

2.4 Accounting estimate and Judgement

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience as well as expectations of future events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements, are as follows:

- (i) Estimates of useful lives and residual values of items of property, plant and equipment;
- (ii) Estimates of useful lives of intangible assets;
- (iii) Allowance for credit losses;
- (iv) Fair values of unquoted equity investments;
- (v) Classification, recognition, measurement / valuation of financial instruments; and
- (vi) Provision for taxation

3 Significant accounting policies


3.1 Accounting Convention

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

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

3.2 Property and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress are stated at Cost.



RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

Depreciation is calculated using the reducing balance method on owned assets and on straight line basis on right of use assets, at the rates specified in note number 4, which are considered appropriate to write off the cost of the assets over their estimated useful lives. The Depreciation for full year in the year of purchase while no depreciation is charged in the year of sale of asset on owned assets and on the period of usage basis on right of use assets.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each balance sheet date.

3.3 Intangible assets

This is stated at cost less amortization and impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.4 Long Term Deposits and Loans

Long term deposits and Loans are stated at Cost.

3.5 Account Receivables

Account Receivables are recognized and carried at original amount which is fair value of the consideration to be received in future. Debts considered irrecoverable are written-off.

3.6 Taxation

The charge for current taxation is based on taxable income at current rate of taxation of the Income Tax Ordinance, 2001 after taking into account applicable tax credits and rebates, if any.

Deferred tax is accounted for using the balance sheet liability method in respect of 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 profits.


3.7 Trade and settlement date accounting

All "regular way" purchases and sales of listed securities are recognized on the trade date, i.e. the date that the Company commits to purchase/ sell the asset. Regular way purchase or sale of financial assets are those, the contract for which requires delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

3.8 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/ reverse repurchase of investment securities are entered into at contracted rate for specified periods of time.

3.9 Revenue recognition

- a) Brokerage, fees, commission and other income are accrued as and when due.
 - b) Dividend income on equity investments is recognized, when receive the same.
 - c) Gains or losses on sale of investments are recognized in the period in which they arise.
 - d) Unrealized capital gains/(losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading are included in profit and loss account in the period in which they arise.
- 

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

3.10 Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and 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.

3.11 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

3.12 Financial Instruments

Initial Recognition

All Financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or receive. These are subsequently measured at fair value, amortised cost or cost as

Classification of financial assets:

The company classifies its financial instruments in the following categories

- At fair value Through Profit and Loss (FVTPL)
- At fair value Through Other Comprehensive Income (FVTOCI)
- At Amortized Cost

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held with a business model whose objective is to hold financial assets in order to collect contractual cash flow; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal outstanding.
- By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities:

The company classifies its financial instruments in the following categories

- At fair value Through Profit and Loss (FVTPL)
- At Amortized Cost

The financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent Measurement

i) Financial assets at FVTOCI

- Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transactions costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income/ (loss).

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the statements of profit and loss and other comprehensive income. Realised and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increased in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 month after the reporting date:

- Short term deposits and receivables
- loan to director
- Receivable again sale of property
- Bank balances

Loss allowance for receivables from clients are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

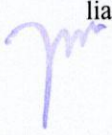
Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of a financial assets measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities when its obligation under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.



RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

3.13 Contingencies and Commitments

A contingent liability is disclosed when the Company has a possible obligation as a result of past event, existence of which 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 event, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

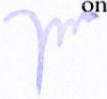
4 Changes in accounting policy

IFRS 9- Financial Instruments

IFRS 9 replaces the provision of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedging accounting. The adoption of IFRS 9 from July 1, 2019 resulted in changes in accounting policies are set out in note 3.12 above. In accordance with the transitional provision in IFRS 9, the corresponding figures have not been restated.

IFRS 16: Leases

This standard introduces a single, on-balance sheet lease accounting model for lessees, whereby the lessee recognizes a single, right-of-use asset (representing its right to use an asset) and a lease liability representing the lessee's obligation to make lease payments. Guidance being replaced and superseded by IFRS 16 includes (but is not limited to) IAS 17 (Leases), IFRIC 4 (Determining Whether An Arrangement Contains a Lease) and SIC 15 (Incentives in Operating Leases). The standard is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 9 from renewal of lease on May 15, 2020 for next three years resulted in changes in accounting policies as required by IFRS 16.



RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2022
5 Property and Equipment

Particulars	2022				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost									
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	As at June 30	As at July 01	Disposal	For the year	As at June 30		
	Rupees									
Computers and equipments	667,283	-	-	667,283	551,550	-	34,720	586,270	81,013	30
Office equipment	170,459	-	-	170,459	88,332	-	8,213	96,545	73,914	10
Furniture and Fixture	154,670	36,650	-	191,320	69,847	-	12,147	81,994	109,326	10
2022	992,412	36,650		1,029,062	709,729		55,080	764,809	264,253	

Particulars	2021				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost									
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	As at June 30	As at July 01	Disposal	For the year	As at June 30		
	Rupees									
Computers and equipments	627,718	39,565	-	667,283	501,950	-	49,600	551,550	115,733	30
Office equipment	170,459	-	-	170,459	79,207	-	9,125	88,332	82,127	10
Furniture and Fixture	154,670	-	-	154,670	60,422	-	9,425	69,847	84,823	10
2021	952,847	39,565		992,412	641,579		68,150	709,729	282,683	

6 Right of Use Asset

Particulars	2022				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost									
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	As at June 30	As at July 01	Disposal during the year	For the year	As at June 30		
	Rupees									
Office Room	1,545,312	1,285,930	(1,040,656)	1,790,586	536,072	(1,040,656)	604,061	99,477	1,691,109	33
2022	1,545,312	1,285,930	(1,040,656)	1,790,586	536,072	(1,040,656)	604,061	99,477	1,691,109	

Particulars	2021				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost									
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	As at June 30	As at July 01	Disposal during the year	For the year	As at June 30		
	Rupees									
Office Room	1,545,312	-	-	1,545,312	-	-	536,072	536,072	1,009,240	33
2021	1,545,312			1,545,312			536,072	536,072	1,009,240	



RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2022

	<i>Note</i>	2022 Rupees	2021 Rupees
7 Intangible Asset			
Trading Right Entitlement Certificate	7.1	2,500,000	2,500,000
Impairment		-	-
		<u>2,500,000</u>	<u>2,500,000</u>

- 7.1** Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC to PKR 2.5 million. Since then there is no change in the notional value of the TRE Certificate till 30 June 2022.

8 Long Term Investment

ISE Towers REIT Management Company Limited (unquoted at fair value)		50,890,292	46,884,616
Adjustment for remeasurement to fair value	8.1	<u>2,093,876</u>	<u>4,005,676</u>
		<u>52,984,168</u>	<u>50,890,292</u>

- 8.1** These represent the shares received from ISE Towers REIT Management Company Limited (Formerly Islamabad Stock Exchange (ISE) in pursuance of corporatization and demutualization of ISE as public company limited by shares in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration Act, 2012 (the Act).

- 8.2** Accordingly, the company has been allotted 3,034,603 shares of ISE of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the SECP. 1,160,888 shares are pledged with PSX's participant IDs to maintain the Base Minimum Capital "BMC".

The Company has recorded a surplus of Rs. 14.346 million on conversion of membership card and ISE REIT shares and TREC in the equity through profit and loss account during the year 2012-13.

In the absence of an active market for these shares, the company has taken/ valued them at Rs. 17.46/- share as per audited financials of 2022 of ISE REIT Management Company Limited, which is the value approved by the Board of Directors of PSX and intimated to SECP for the base minimum capital. The fact indicates an acceptable level for ISE REIT shares which is also used by the stock exchange for risk management and to safeguard investor's interest.

9 Long Term Deposits

CDC Deposits		50,000	50,000
NCSS Deposits		200,000	200,000
PSX Deposits		<u>100,000</u>	<u>100,000</u>
		<u>350,000</u>	<u>350,000</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

	<i>Note</i>	2022 Rupees	2021 Rupees
10 Short Term Investments			
Cost of investment in listed securities		16,088,043	9,842,680
Unrealized Gain / (loss) on investment		<u>(2,572,741)</u>	<u>3,363,483</u>
		<u>13,515,302</u>	<u>13,206,163</u>
		Market Values	
Bank Alfalah Limited - Nil (2021: 55,114) shares		-	1,773,569
Dewan Cement Limited (Pakland) - 95,500 (2021: Nil) shares		515,700	-
Hascol Petroleum Limited - 634,549 (2021: 267,000) shares		2,677,797	2,384,310
Kot Addu Power Company Limited - 139,000 (2021: 39,500) shares		3,826,670	1,751,825
K-Electric Limited - 200,000 (2021: Nil) shares		608,000	-
MCB Bank Limited - 10,000 (2021: Nil) shares		1,229,800	-
Millat Tractors Limited - 2,600 (2021: Nil) shares		2,268,734	-
Pakistan INT Bulk Terminal Ltd. - 84,000 (2021: 56,000) shares		505,680	637,280
Pakistan Petroleum Limited - 27,891 (2021: 22,351) shares		1,882,921	4,718,443
Pakistan Oil Fields Limited - Nil (2021: 11,980) shares		-	1,940,737
		<u>13,515,302</u>	<u>13,206,164</u>
11 Advances, deposits & pre-payments			
NCCPL exposure deposit		62,000	60,000
		<u>62,000</u>	<u>60,000</u>
12 Tax Refund due from Government			
Opening balance		-	323,968
Withheld during the year		936,386	993,028
Adjusted during the year		(535,483)	(1,316,996)
Closing balance		<u>400,903</u>	<u>-</u>
13 Cash and bank balances			
Cash in hand		1,500	3,000
Cash in Bank			
- In saving/ Profit Accounts	13.1	<u>2,416,791</u>	<u>2,222,841</u>
- In Current Accounts		<u>5,425,914</u>	<u>8,288,316</u>
		<u>7,842,704</u>	<u>10,511,158</u>
		<u>7,844,204</u>	<u>10,514,158</u>
13.1		This represents customers' assets held in separate bank account.	
13.2		Effective markup rate in respect of saving account for the year ranges from 8% to 13.50% (2021: 5.5% to 11%).	
14 Issued, subscribed and paid up capital			
4,749,337 Ordinary shares of Rs. 10 each fully paid-up in cash		47,493,370	47,493,370
		<u>47,493,370</u>	<u>47,493,370</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

	Note	2022 Rupees	2021 Rupees
15 Deferred Tax Liability			
Opening Balance		36,269	20,466
Addition during the year		-	15,803
Reversal during the year		<u>(36,269)</u>	<u>-</u>
		<u>-</u>	<u>36,269</u>

15.1 Deferred tax liabilities/(assets) arising due to taxable/(deductible) temporary differences are as follows:

Taxable temporary differences (deferred tax liabilities):

Accelerated tax depreciation	510,171	313,430
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Deductible temporary differences (deferred tax assets):

Advance rent	(19,845)	(19,845)
Lease liability	(483,491)	(257,316)
Short term Investment	(523,261)	-
Minimum tax	(25,832)	-
Brought forward tax losses	(489,178)	-
	<u>(1,031,436)</u>	<u>36,269</u>

15.2 As at June 30, 2022, deferred tax asset amounting to Rs. 1,031,436 (June 30, 2021: Rs.(36,269)) has not been recognized in these financial statements as the Company does not foresee sufficient taxable profits in future.

16 Lease Liability

Opening balance	887,296	1,314,031
Addition during the year	1,285,932	-
Less: Paid / adjustment during the Year	<u>(506,016)</u>	<u>(426,735)</u>
	1,667,212	887,296
Less: Current maturity	<u>(607,041)</u>	<u>(513,350)</u>
Non Current portion of Lease liability	<u>1,060,171</u>	<u>373,946</u>

16.1 The Company has taken on lease office from ISE Towers REIT Management Company Limited on May 15, 2022 for three year with 7.5% annual increase and quarterly due payments, annual interest rate taken at 10% p.a. for calculation of present value of future due payments.

17 Account payables

Account payables	593,100	1,601,439
Payable to NCCPL	1,765,055	548,176
	<u>2,358,155</u>	<u>2,149,615</u>

17.1 Payable to clients relate to operating business, furthermore consists of Accounts payable to Directors amounting to Rs. 154,837/-

18 Provision for Taxation

Opening balance		262,763	-
Provision for the year	25	535,483	1,579,758
Adjusted during the year		<u>(798,245)</u>	<u>(1,316,996)</u>
Closing balance		<u>-</u>	<u>262,763</u>

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RIAZ AHMED SECURITIES (PRIVATE) LIMITED**Notes to the Financial Statements****For the year ended June 30, 2022**

		2022	2021
	<i>Note</i>	Rupees	Rupees
19 Accrued and Other Liabilities			
Other Payable		155,691	106,748
Accrued Liabilities		45,926	144,093
		<u>201,617</u>	<u>250,841</u>
20 Contingencies and Commitments			
20.1 The Company has pledged / hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 1,160,888 ordinary shares of ISETRMCL with PSX in compliance with Base Minimum Capital (BMC) requirement.			
21 Operating Revenue			
Commission Income		2,066,533	6,616,429
Dividend Income		3,397,674	2,091,033
		<u>5,464,207</u>	<u>8,707,463</u>
22 Operating and Administrative Expenses			
Directors' Remuneration		960,000	960,000
Salaries & Benefits		1,273,750	1,059,851
Electricity and Water Charges		136,226	99,667
Telephone & Internet Charges		56,255	57,154
Entertainments		34,785	37,638
ISE Building Charges		58,943	63,469
Laga Charges		53,063	99,278
PSX Charges		252,852	252,852
NCSS Charges		99,964	124,919
CDC Charges		11,799	22,476
Printing and Stationary		18,782	23,960
Repair & Maintenance		87,673	64,637
Legal & Professional Charges		292,625	285,550
Software Updation Charges		106,081	88,970
Auditors' Remuneration	22.1	95,000	153,000
Postage and courier		215	540
Fee and Subscription		67,852	148,725
Other Expenses		200	-
Penalty Charges		-	100,025
Depreciation	5	659,141	604,222
		<u>4,265,206</u>	<u>4,246,933</u>
22.1 Auditors' Remuneration			
Statutory Audit Fee		55,000	45,000
Audit fee for certificates		40,000	108,000
		<u>95,000</u>	<u>153,000</u>
23 Financial charges			
Markup on Leased Asset		93,511	32,413
Bank charges		40,544	-
		<u>134,055</u>	<u>32,413</u>
24 Other Income			
Bank Profit		463,675	368,463
		<u>463,675</u>	<u>368,463</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

25 Taxation

	<i>Note</i>	2022 Rupees	2021 Rupees
Current year Taxation		535,483	1,574,947
Prior year		<u>(4,598)</u>	<u>4,811</u>
		530,885	1,579,758
Deferred Taxation		<u>(36,269)</u>	<u>15,803</u>
		<u>494,615</u>	<u>1,595,562</u>

- 25.1** Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2021. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.



RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

26 FINANCIAL INSTRUMENTS BY CATEGORY

2022			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

ASSETS

Non-current assets

Long Term Deposits	350,000	-	-	350,000
Long Term Investment	-	52,984,168	-	52,984,168

Current assets

Short Term Investments	-	-	13,515,302	13,515,302
Advances, deposits & pre-payments	62,000	-	-	62,000
Cash and bank balances	7,844,204	-	-	7,844,204

LIABILITIES

Current liabilities

Account payables	2,358,155	-	-	2,358,155
Accrued and Other Liabilities	201,617	-	-	201,617

2021			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

ASSETS

Non-current assets

Long Term Deposits	350,000	-	-	350,000
Long Term Investment	-	50,890,292	-	50,890,292

Current assets

Short Term Investments	-	-	13,206,163	13,206,163
Advances, deposits & pre-payments	60,000	-	-	60,000
Cash and bank balances	10,514,158	-	-	10,514,158

LIABILITIES

Current liabilities

Account payables	2,149,615	-	-	2,149,615
Accrued and Other Liabilities	250,841	-	-	250,841

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

27 STATEMENT OF LIQUID CAPITAL BALANCE

Basis of Preparation

The liquid capital balance has been prepared under regulation 6(4) of Third schedule of Securities Brokers (Licensing and operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	264,253	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	Investment in Equity Securities			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	13,515,302	2,416,661	11,098,641
	ii. If unlisted, 100% of carrying value.	52,984,168	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	350,000	100.00%	-
1.9	Margin deposits with exchange and clearing house	62,000	-	62,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	100.00%	-
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	-	100.00%	-
1.13	Dividends receivables	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	Receivables other than trade receivables	400,903	100.00%	-
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MIM gains.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract. <i>iii. Net amount after deducting haircut</i>	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	-	-	-
	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. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	-	-	-
	vi. 100% haircut in the case of amount receivable form related parties.	-	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	5,425,914	-	5,425,914
	ii. Bank balance-customer accounts	2,416,791	-	2,416,791
	iii. Cash in hand	1,500	-	1,500
1.19	Total Assets	77,920,831		19,004,846

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
Trade Payables				
1.1	i. Payable to exchanges and clearing house	1,765,056	-	1,765,056
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	593,099	-	593,099
Current Liabilities				
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	201,617	-	201,617
	iii. Short-term borrowings	-	-	-
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	607,041	-	607,041
	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	-	-	-
Non-Current Liabilities				
2.3	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	1,060,171	-	1,060,171
Subordinated Loans				
2.4	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Total Liabilities	4,226,984		4,226,984
3. Ranking Liabilities Relating to :				
Concentration in Margin Financing				
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
Concentration in securities lending and borrowing				
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
Net underwriting Commitments				
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
Negative equity of subsidiary				
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
Foreign exchange agreements and foreign currency positions				
3.5	5% of the net position in foreign currency Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
Repo adjustment				
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
Concentrated proprietary positions				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	191,334	-	191,334
Opening Positions in futures and options				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	191,334	-	191,334
		73,502,513		14,586,528

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	19,004,846
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(4,226,984)
(iii) Less: Total ranking liabilities (series number 3.11)	(191,334)

Liquid Capital (Rs.) 14,586,528

RIAZ AHMED SECURITIES (PRIVATE) LIMITED**Notes to the Financial Statements****For the year ended June 30, 2022****28 STATEMENT OF NET CAPITAL BALANCE**

Net capital requirements of the company are set in regulatory by Pakistan Exchange limited. These requirement are put in place to ensure sufficient solvency margins and are based on excess of current asset over current liabilities. The Net Capital balance as required under Third Schedule of Securities and Exchange Rule, 1971 read with the SECP guidelines is calculated as follow:

<u>CURRENT ASSETS</u>	<i>Note</i>	2022 Rupees
Cash and Bank Account balance	28.2	7,844,204
Trade Receivables	28.3	-
Investment in Listed Securities in the name of Broker	28.4	11,488,007
Securities purchased for Clients		-
Any Other Current Asset- Margin Deposit with NCCPL		62,000
		<u>19,394,211</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	28.5	1,919,688
Other Liabilities	28.6	1,247,125
		<u>3,166,813</u>
NET CAPITAL BALANCE		<u>16,227,398</u>
28.1	The statement off Net capital balance has been prepared in accordance with the requirement of Third Schedule read with Rule 2(d) of Securities and Exchange Commission rules 1971, clauses 6(3) and 6(4) of the securities broker (Licencing and Operation) regulations 2016 and related clarification and guidelines issued Securities and Exchange Commsision of Pakistan.	
28.2	Cash and Bank account balance	
a- Cash in hand		1,500
b- Bank Balance Pertaining to brokerage house		2,416,791
c- Bank Balance Pertaining to clients		5,425,914
		<u>7,844,204</u>
28.3	Trade Receivable	
Book Value		-
Less: Overdue for more than 14 days		-
		<u>-</u>
28.4	Investment in listed securities in the name of brokerage house	
Investment at market value		13,515,302
Less: Discount at 15%		2,027,295
		<u>11,488,007</u>
28.5	Trade Payables	
Book Value		2,358,155
Less: Overdue for more than 30 days		(438,467)
		<u>1,919,688</u>
28.6	Other liabilities	
Trade Payable overdue for more than 30 days		438,467
Lease liabilities		607,041
Accrued Liabilities and other payable		201,617
		<u>1,247,125</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

	2022 Rupees
29 Capital Adequacy	
Total Assets	79,611,939
Less: Total Liabilities	(4,226,984)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-
Capital Adequacy Level	<u>75,384,955</u>

While determining the value of the total assets of the TREC Holder, Notional Value of the TRE certificate held by the Riaz Ahmed Securities (Private) Limited for the year ended June 30, 2022 as determined by Pakistan Stock Exchange (PSX) has been considered.

30 Accounting Estimates And Judgments

30.1 Property, plant and equipment

The Company reviews the rate of depreciation/useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

30.2 Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible asset with a corresponding affect on the amortization charge and impairment.

30.3 Investment stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

30.4 Trade debts

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

31 Financial Risk Management Objectives and Policies

31.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The Company's credit risk exposure is not significantly different from that reflected from financial statements.

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

31.2 Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

	2022 Rupees	2021 Rupees
Long Term Investment	52,984,168	50,890,292
Long Term Deposits	350,000	350,000
Cash and bank balances	7,844,204	10,514,158
	<u>61,178,372</u>	<u>61,754,450</u>

Impaired assets

During the year no impairment has been made.

31.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities excluding the impact of netting agreements, if any:

	Carrying amount	Contractual cash flows	One year or less
	-----Rupees-----		
June 30, 2022			
Account payables	2,358,155	2,358,155	2,358,155
June 30, 2021			
Account payables	2,149,615	2,149,615	2,149,615

31.4 Currency risk

Foreign currency risk is that risk the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exists due to transactions entered into foreign currencies. The Company believes that it is not exposed to any significant level of currency risk, as the Company is managing its risk.

31.5 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

31.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk as the Company does not hold any interest bearing instrument as at the balance sheet date, therefore, no sensitivity analysis has been presented.

32 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 an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materiality the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, adjusted) inputs.

Transfer between level of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33 Information required by regulation 34 of Securites Brokers Regulation 2016

	2022	2021
a) Customers' Shares in the Central Depository System	6,971,716	7,095,177
b) Customers' cash in the Bank Accounts	2,416,791	2,222,841
c) Securities pledged with financial institutions - Customers	NIL	NIL
d) Securities pledged with financial institutions - House	NIL	NIL
e) Income from Dividend	3,397,674	2,091,033
f) Pattern of Share holding		
Riaz Ahmed	3,459,337	3,459,337
Junaid Riaz	430,000	430,000
Nazim Riaz	430,000	430,000
Waqas Riaz	430,000	430,000
g) Total number of Shares	4,749,337	4,749,337
h) Changes in Share Holding	NIL	NIL

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RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

34 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2022		2021	
	Chief Executive	Directors	Chief Executive	Directors
Managerial remuneration	240,000	720,000	240,000	720,000
Number of persons	1	3	1	3

35 Transactions with Related Parties

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Remuneration of related parties is disclosed in note 34. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

Other transactions are disclosed in below note:

	2022			
	Chief Executive	Directors	Other related parties	Total
	Rupees			

Purchase of marketable securities for and on behalf	169,918,625	116,773,368	-	286,691,993
Sale of marketable securities for and on behalf	163,948,766	116,773,368	-	280,722,134
Brokerage income	631,298	523,385	-	1,154,683

	2021			
	Chief Executive	Directors	Other related parties	Total
	Rupees			

Purchase of marketable securities for and on behalf	350,818,968	312,708,355	-	663,527,323
Sale of marketable securities for and on behalf	346,185,388	306,299,913	-	652,485,301
Brokerage income	1,947,401	1,898,204	-	3,845,605

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2022

36 Number of Employees

Total number of employees at the end of the year was 3 (2021 :03).

37 Date of Authorization

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

38 General

Figures have been rounded off to the nearest Rupee.

The corresponding figures have been rearranged and reclassified, wherever considered necessary.



Chief Executive




Director