

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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, 2023 and of the profit 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.

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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:

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

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Arshad, ACA**.


MUSHTAQ & CO.
MUSHTAQ & CO
Chartered accountants



Lahore.

Date:

UDIN: AR202310724LyFVCZKa0

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Statement of Financial Position

As At June 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	239,125	264,253
Right of Use asset	5	1,094,247	1,691,109
Intangible asset	6	2,500,000	2,500,000
Long Term Investment	7	62,270,054	52,984,168
Long Term Deposits	8	500,000	350,000
		66,603,426	57,789,530
Current Assets			
Short Term Investments	9	14,776,159	13,515,302
Account Receivables	10	63,983	-
Advances, deposits & pre-payments	11	80,000	62,000
Tax Refund due from Government	12	505,631	400,903
Cash and bank balances	13	6,329,024	7,844,204
		21,754,797	21,822,409
		88,358,223	79,611,939
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		31,924,024	22,638,138
Unappropriated Profit / (Loss)		7,206,108	5,253,447
		86,623,502	75,384,955
Liabilities			
Non Current Liabilities			
Deferred Tax Liability	15	-	-
Lease Liability	16	466,927	1,060,171
		466,927	1,060,171
Current Liabilities			
Account payables	17	480,422	2,358,155
Current portion of lease liability	16	593,244	607,041
Provision for Taxation	18	-	-
Accrued and Other Liabilities	19	194,128	201,617
		1,267,794	3,166,813
Contingencies and Commitments			
	20	88,358,223	79,611,939

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, 2023

	Note	2023 Rupees	2022 Rupees
Operating Revenue	21	5,481,160	5,464,207
Capital gain / (loss) on sale of investment - net		4,500,539	(395,937)
(Loss) / gain on re-measurement of investment carried at fair value through profit or loss-net		(3,909,796)	(2,572,741)
		<u>6,071,903</u>	<u>2,495,529</u>
Operating and Administrative Expenses	22	(4,510,422)	(4,265,206)
Profit / (loss) from operation		<u>1,561,481</u>	<u>(1,769,677)</u>
Financial charges	23	(62,905)	(134,055)
Other income	24	1,020,926	463,675
Profit / (Loss) before taxation		<u>2,519,502</u>	<u>(1,440,057)</u>
Taxation	25	(566,841)	(494,615)
Profit / (Loss) after taxation		<u>1,952,661</u>	<u>(1,934,673)</u>
Earnings / (Loss) per share - basic & diluted		<u>0.41</u>	<u>(0.41)</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 Other Comprehensive Income
For the Year Ended June 30, 2023

	2023 Rupees	2022 Rupees
Profit / (Loss) after Taxation	1,952,661	(1,934,673)
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	9,285,886	2,093,876
Other comprehensive income for the year	9,285,886	2,093,876
Total Comprehensive income for the year	11,238,547	159,203

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, 2023**

	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,519,502	(1,440,057)
Adjustments for non cash items:		
Depreciation	646,990	659,141
Unrealised (Gain) / loss on investment	(3,909,796)	(2,572,741)
Security Deposits	(150,000)	-
Financial charges	62,905	134,055
	<u>(3,349,901)</u>	<u>(1,779,545)</u>
Operating profit before working capital changes	(830,399)	(3,219,602)
Changes in operating assets and liabilities		
(Increase) / decrease in:		
Account Receivables	(63,983)	-
Advances, Deposits and prepayments	(18,000)	(2,000)
Short Term Investments	(1,260,857)	(309,139)
Increase / (decrease) in:		
Account Payables	(1,877,732)	208,539
Accrued and Other Liabilities	(7,489)	(49,224)
	<u>(3,228,061)</u>	<u>(151,824)</u>
Cash utilized in operations	(4,058,460)	(3,371,426)
Financial charges paid	(25,454)	(134,055)
Unrealised (Gain) / loss on investment	3,909,796	2,572,741
Lease paid	(644,493)	(506,013)
Taxes paid	(671,569)	(1,194,551)
	<u>2,568,280</u>	<u>738,122</u>
Net cash generated from / (used in) operating activities	(1,490,180)	(2,633,304)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Assets	(25,000)	(36,650)
Net cash used in investing activities	(25,000)	(36,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	(1,515,180)	(2,669,954)
Cash and cash equivalents at the beginning of the period	7,844,204	10,514,158
Cash and cash equivalents at the end of the period	6,329,024	7,844,204

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, 2023

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

Rupees

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
Balance as at 01 July 2022	47,493,370	-	22,638,138	5,253,447	75,384,955
Net profit / (loss) for the year ended June 30, 2023	-	-	9,285,886	1,952,661	11,238,546
Balance as at 30 June, 2023	47,493,370	-	31,924,024	7,206,108	86,623,501

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, 2023

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 (now the Companies Act, 2017) 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 (Amendments)	January 1, 2023 & January 1, 2024
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IFRS 9	Financial Instruments: Disclosures (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

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
IFRIC 12	Service concession arrangements

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, 2023

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 & 5, 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 on trade date basis
 - 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 or 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, 2023

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 the case may be.

Classification of financial assets:

The company classifies its financial instruments in the following categories

- At fair value Through Profit or 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 or 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.

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

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).

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 or 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.

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

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.

3.13 Lease liability and right of use asset

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract). After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability. The Company depreciates the right of use asset on straight line basis at rate specified in note 5.

3.14 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.

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

4 Property and Equipment

Particulars	2023				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost				As at July 01	Disposal	For the year	As at June 30		
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	As at June 30						
	Rupees									
Computers and equipments	667,283	25,000	-	692,283	586,270	-	31,804	618,074	74,209	30
Office equipment	170,459	-	-	170,459	96,545	-	7,391	103,936	66,523	10
Furniture and Fixture	191,320	-	-	191,320	81,994	-	10,933	92,927	98,393	10
2023	1,029,062	25,000	-	1,054,062	764,809	-	50,128	814,937	239,125	

Particulars	2022				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost				As at July 01	Disposal	For the year	As at June 30		
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	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	

5 Right of Use Asset

Particulars	2023				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost				As at July 01	Disposal during the year	For the year	As at June 30		
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	As at June 30						
	Rupees									
Office Room	1,790,586	-	-	1,790,586	99,477	-	596,862	696,339	1,094,247	33%
2023	1,790,586	-	-	1,790,586	99,477	-	596,862	696,339	1,094,247	

Particulars	2022				Accumulated Depreciation				Net Book Value as at June 30	Rate %
	Cost				As at July 01	Disposal during the year	For the year	As at June 30		
	As at July 01	Additions/ Adjustment	Disposal/ Adjustment	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	

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RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
6 Intangible Asset			
Trading Right Entitlement Certificate	6.1	2,500,000	2,500,000
Impairment		-	-
		<u>2,500,000</u>	<u>2,500,000</u>

- 6.1** 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 no. PSX/N-7178 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 2023.

7 Long Term Investment

ISE Towers REIT Management Company Limited (unquoted at fair value)		52,984,168	50,890,292
Adjustment for remeasurement to fair value	7.1	<u>9,285,886</u>	<u>2,093,876</u>
		<u>62,270,054</u>	<u>52,984,168</u>

- 7.1** 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).

- 7.2** 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. 1,820,762 shares are kept in blocked account 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. 20.52/- (2022: Rs. 17.46) share as per audited financials of 2023 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.

Out of total shares 2,981,650 shares are pledged with Pakistan Stock Exchange for the purpose of Base Minimum Capital (BMC) requirement. Fair value of the shares pledged as at 30th June, 2023 is Rs.61,183,458 (2022: Rs. 52,059,609).

8 Long Term Deposits

CDC Deposits		100,000	50,000
NCSS Deposits		200,000	200,000
Basic Security Deposits - PSX Deposits		<u>200,000</u>	<u>100,000</u>
		<u>500,000</u>	<u>350,000</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
9 Short Term Investments			
Cost of investment in listed securities		18,548,416	16,088,043
Unrealized Gain / (loss) on investment		<u>(3,772,257)</u>	<u>(2,572,741)</u>
		<u>14,776,159</u>	<u>13,515,302</u>
		Market Values	
Attock Petroleum Limited-12694 (2022:Nil) shares		3,811,374	-
Dewan Cement Limited (Pakland) - Nil (2022: 95,500) shares		-	515,700
Engro Corporation Limited- 950(2022:Nil) shares		246,896	-
Hascol Petroleum Limited - 363,549 (2022: 634,549) shares		2,017,697	2,677,797
Kot Addu Power Company Limited - 105,526 (2022:139,000) shares		2,194,941	3,826,670
K-Electric Limited - Nil (2022: 200,000) shares		-	608,000
MCB Bank Limited - 12,722 (2022: 10,000) shares		1,456,287	1,229,800
Millat Tractors Limited - 10,616 (2022: 2600) shares		4,143,531	2,268,734
Pakistan INT Bulk Terminal Ltd. - Nil (2022: 84,000) shares		-	505,680
Pakistan Petroleum Limited - 15,310 (2022: 27,891) shares		905,433	1,882,921
		<u>14,776,159</u>	<u>13,515,302</u>
9.1 Fair value of the securities pledged with NCCPL for the purpose of exposure requirement under Risk Management System of PSX is Rs. 2,762,240.			
10 Account Receivables			
Receivable from National Clearing Company Pakistan Ltd		<u>63,983</u>	-
		<u>63,983</u>	-
10.1 These balances have been fully recovered by the Company within the credit period after year end, consequently no expected credit loss allowance is recognized.			
11 Advances, deposits & pre-payments			
NCCPL exposure deposit		<u>80,000</u>	62,000
		<u>80,000</u>	<u>62,000</u>
12 Tax Refund due from Government			
Opening balance		400,903	-
Withheld during the year		671,569	936,386
Adjusted during the year		(566,841)	(535,483)
Closing balance		<u>505,631</u>	<u>400,903</u>
13 Cash and bank balances			
Cash in hand		3,000	1,500
Cash in Bank			
- In saving/ Profit Accounts	13.1	<u>415,693</u>	<u>2,416,791</u>
- In Current Accounts		<u>5,910,331</u>	<u>5,425,914</u>
		<u>6,326,024</u>	<u>7,842,704</u>
		<u>6,329,024</u>	<u>7,844,204</u>
13.1 This represents customers' assets held in separate bank account.			
13.2 Effective markup rate in respect of saving accounts for the year ranges from 13.5% to 20.55% (2022: 8% to 13.5%).			
14 Issued, subscribed and paid up capital			
4,749,337 Ordinary shares of Rs. 10 each fully paid-up in cash		<u>47,493,370</u>	47,493,370
		<u>47,493,370</u>	<u>47,493,370</u>

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RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

	<i>Note</i>	2023 Rupees	2022 Rupees
15 Deferred Tax Liability			
Opening Balance		-	36,269
Addition during the year		-	-
Reversal during the year		-	(36,269)
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</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		(343,868)	(510,171)
Deductible temporary differences (deferred tax assets):			
Advance rent		-	19,845
Lease liability		307,450	483,491
Short term Investment		875,366	523,261
Minimum tax		55,367	25,832
Brought forward tax losses		836,083	489,178
		<u>1,730,398</u>	<u>1,031,436</u>
		<u>1,730,398</u>	<u>1,031,436</u>
15.2 As at June 30, 2023, deferred tax asset amounting to Rs. 1,730,398 (June 30, 2022: Rs.1,031,436) has not been recognized in these financial statements as the Company does not foresee sufficient taxable profits in future.			
16 Lease Liability			
Opening balance		1,667,212	887,296
Interest charged during the year		37,451	1,285,932
Less: Paid / adjustment during the Year		(644,492)	(506,016)
		<u>1,060,171</u>	<u>1,667,212</u>
Less: Current maturity		(593,244)	(607,041)
		<u>466,927</u>	<u>1,060,171</u>
		<u>466,927</u>	<u>1,060,171</u>
16.1 The Company had 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	17.1	480,422	593,100
Payable to NCCPL		-	1,765,055
		<u>480,422</u>	<u>2,358,155</u>
		<u>480,422</u>	<u>2,358,155</u>
17.1 Payable to clients relate to operating business, furthermore consists of Accounts payable to Directors amounting to Rs. 131,463/-			
18 Provision for Taxation			
Opening balance		-	262,763
Provision for the year	25	566,841	535,483
Adjusted during the year		(566,841)	(798,245)
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

	<i>Note</i>	2023 Rupees	2022 Rupees
19 Accrued and Other Liabilities			
Other Payable		13,197	155,691
Accrued Liabilities		180,931	45,926
		<u>194,128</u>	<u>201,617</u>
20 Contingencies and Commitments			
20.1 Commitments			
For purchase of shares		6,743,673	7,210,412
For sale of shares		6,807,656	8,975,468
21 Operating Revenue			
Commission Income		1,899,131	2,066,533
Dividend Income		3,582,029	3,397,674
		<u>5,481,160</u>	<u>5,464,207</u>
22 Operating and Administrative Expenses			
Directors' Remuneration	34	960,000	960,000
Salaries & Benefits		1,380,000	1,273,750
Electricity and Water Charges		195,731	136,226
Telephone & Internet Charges		56,451	56,255
Entertainments		40,455	34,785
ISE Building Charges		60,213	58,943
Laga Charges		55,763	53,063
PSX Charges		255,591	252,852
NCSS Charges		103,333	99,964
CDC Charges		18,915	11,799
Printing and Stationary		23,900	18,782
Repair & Maintenance		89,684	87,673
Legal & Professional Charges		317,111	292,625
Software Updation Charges		103,950	106,081
Auditors' Remuneration	22.1	137,000	95,000
Postage and courier		370	215
Fee and Subscription		64,965	67,852
Other Expenses		-	200
Depreciation	4 & 5	646,990	659,141
		<u>4,510,422</u>	<u>4,265,206</u>
22.1 Auditors' Remuneration			
Statutory Audit Fee		66,500	55,000
Audit fee for certificates		60,000	40,000
PRA		10,500	-
		<u>137,000</u>	<u>95,000</u>
23 Financial charges			
Markup on Leased Asset		37,451	93,511
Bank charges		25,454	40,544
		<u>62,905</u>	<u>134,055</u>
24 Other Income			
Bank Profit		870,926	463,675
Security Deposits		150,000	-
		<u>1,020,926</u>	<u>463,675</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

25 Taxation	<i>Note</i>	2023 Rupees	2022 Rupees
Current year Taxation		561,045	535,483
Prior year		5,796	(4,598)
		566,841	530,885
Deferred Taxation		-	(36,269)
		566,841	494,616

25.1 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2022. 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.

25.2 Provision for current year includes mainly tax on dividend income and commission income under section 150 and 113 respectively of the Income Tax Ordinance, 2001.



RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

26 FINANCIAL INSTRUMENTS BY CATEGORY

2023			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

ASSETS

Non-current assets

Long Term Deposits	500,000	-	-	500,000
Long Term Investment	-	62,270,054	-	62,270,054

Current assets

Short Term Investments	-	-	14,776,159	14,776,159
Account Receivables	63,983	-	-	63,983
Advances, deposits & pre-payments	80,000	-	-	80,000
Cash and bank balances	6,329,024	-	-	6,329,024

LIABILITIES

Current liabilities

Account payables	480,422	-	-	480,422
Accrued and Other Liabilities	194,128	-	-	194,128

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

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

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	1,333,372	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.				
ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.				
iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.				
If unlisted than:				
i. 10% of the balance sheet value in the case of tenure upto 1 year.				
ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.				
iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.				
Investment in Equity Securities				
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. [Provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.]	14,776,159	2,398,018	12,378,141
ii. If unlisted, 100% of carrying value.				
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.				
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house	80,000	-	80,000
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				
1.13	Dividends receivables	-	-	-
Amounts receivable against Repo financing.				
1.14	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	505,631	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 MTM gains.	63,983	-	63,983
Receivables from customers				
i. In case receivables are against margin financing, the aggregate of (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>				
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 from related parties.				
Cash and Bank balances				
1.18	i. Bank Balance-proprietary accounts	5,910,331	-	5,910,331
ii. Bank balance-customer accounts				
iii. Cash in hand				
1.19	Total Assets	88,358,223		18,851,149

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
Trade Payables				
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	480,422	-	480,422
Current Liabilities				
2.2	i. Statutory and regulatory dues	13,197	-	13,197
	ii. Accruals and other payables	180,931	-	180,931
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	593,244	-	593,244
	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	466,927	-	466,927
2.4	Subordinated Loans	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Total Liabilities	1,734,721		1,734,721
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				
The amount by which the aggregate of:				
3.2	(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.	-	-	-
3.8	Concentrated proprietary positions 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	397,745	-	397,745
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	397,745		397,745
		86,225,787		16,718,683

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	18,851,149
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(1,734,721)
(iii) Less: Total ranking liabilities (series number 3.11)	(397,745)

Liquid Capital (Rs.) 16,718,683

RIAZ AHMED SECURITIES (PRIVATE) LIMITED**Notes to the Financial Statements****For the year ended June 30, 2023****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>	2023 Rupees
Cash and Bank Account balance	28.2	6,329,024
Account Receivables	28.3	63,983
Investment in Listed Securities in the name of Broker	28.4	12,559,735
Securities purchased for Clients		-
Any Other Current Asset- Margin Deposit with NCCPL		80,000
		<u>19,032,742</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	28.5	52,673
Other Liabilities	28.6	1,215,121
		<u>1,267,794</u>
NET CAPITAL BALANCE		<u>17,764,948</u>
28.1	The statement of 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		3,000
b- Bank Balance Pertaining to brokerage house		5,910,331
c- Bank Balance Pertaining to clients		415,693
		<u>6,329,024</u>
28.3	Account Receivables	
Book Value		63,983
Less: Overdue for more than 14 days		-
		<u>63,983</u>
28.4	Investment in listed securities in the name of broker	
Investment at market value		14,776,159
Less: Discount at 15%		2,216,424
		<u>12,559,735</u>
28.5	Trade Payables	
Book Value		480,422
Less: Overdue for more than 30 days		(427,749)
		<u>52,673</u>
28.6	Other liabilities	
Trade Payable overdue for more than 30 days		427,749
Lease liabilities		593,244
Accrued Liabilities and other payable		194,128
		<u>1,215,121</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

	2023
	Rupees
29 Capital Adequacy	
Total Assets	88,358,223
Less: Total Liabilities	(1,734,721)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-
Capital Adequacy Level	<u>86,623,502</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, 2023 as determined by Pakistan Stock Exchange (PSX) has been considered.

30 Accounting Estimates And Judgments

30.1 Property 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 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.

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:

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

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.

	2023 Rupees	2022 Rupees
Long Term Investment	62,270,054	52,984,168
Long Term Deposits	500,000	350,000
Account Receivables	63,983	-
Advances, deposits & pre-payments	80,000	62,000
Cash and bank balances	<u>6,326,024</u>	<u>7,842,704</u>
	<u><u>69,240,061</u></u>	<u><u>61,238,872</u></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, 2023			
Account payables	480,422	480,422	480,422
Accrued and Other Liabilities	194,128	194,128	194,128
June 30, 2022			
Account payables	2,358,155	2,358,155	2,358,155
Accrued and Other Liabilities	201,617	201,617	201,617

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 fluctuate because of changes in market interest rates.

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the year ended June 30, 2023

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.

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 3
2023			
-----Rupees-----			
At fair value through OCI			
Long Term Investment	-	62,270,054	-
At fair value through profit or loss			
Short Term Investment	14,776,159	-	-
2022			
-----Rupees-----			
At fair value through OCI			
Long Term Investment	-	52,984,168	-
At fair value through profit or loss			
Short Term Investment	13,515,302	-	-

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

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

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 Securities Brokers Licensing and Operations Regulations 2016 other than those already disclosed in the financial statements

	2023	2022
a) Customers' Securities held in the Central Depository System	4,829,591	6,971,716
b) Securities pledged with financial institutions - Customers	120,300	NIL
c) Pattern of Share holding		
Riaz Ahmed (72.84%)	3,459,337	3,459,337
Junaid Riaz (9.05%)	430,000	430,000
Nazim Riaz (9.05%)	430,000	430,000
Waqas Riaz (9.05%)	430,000	430,000
d) Total number of Shares	4,749,337	4,749,337
e) Changes in Share Holding	NIL	NIL

33.1 The value of customers' shares held in the Central Depository System and the value of costumers' shares pledged with financial institutions as mentioned above in 33(a) and 33(b) as at June 30, 2023 is Rs. 116,700,497 and Rs. 15,572,351 respectively.

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:

	2023		2022	
	Chief Executive	Directors	Chief Executive	Directors
Managerial remuneration	240,000	720,000	240,000	720,000
Number of persons	1	3	1	3

34.1 There are Nil (2022: Nil) employees that fall in the category of executives.

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:

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
Notes to the Financial Statements
For the year ended June 30, 2023

Related Party	Nature of transaction	2023	2022
		----- Rupees -----	
Riaz Ahmad Chief Executive & Director	Purchase of shares	362,946,643	169,918,625
	Sale of shares	359,004,504	163,948,766
	Brokerage income	1,200,708	631,298
	Receipts during the year	9,133,423	6,170,000
	Payments during the year	5,007,000	50,000
Junaid Riaz Director	Purchase of shares	46,588,670	20,979,102
	Sale of shares	42,671,144	19,281,233
	Brokerage income	155,711	105,017
	Receipts during the year	3,943,981	1,625,000
	Payments during the year	-	-
Nazim Riaz Director	Purchase of shares	13,734,162	12,302,488
	Sale of shares	9,895,396	9,645,884
	Brokerage income	65,173	76,378
	Receipts during the year	3,876,611	2,355,000
	Payments during the year	-	-
Waqas Riaz Director	Purchase of shares	57,222,135	90,384,470
	Sale of shares	54,390,898	87,846,251
	Brokerage income	235,912	341,990
	Receipts during the year	2,875,643	4,260,000
	Payments during the year	-	1,660,000

36 Number of Employees

Total number of employees at the end of the year was 7 (2022: 07).

37 Date of Authorization

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

06 July 2023

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