

# **AKD CAPITAL LIMITED**

## **FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED  
30 JUNE 2020**

## COMPANY INFORMATION

Board of Directors

Mr. Nadeem Saulat Siddiqui  
(Chairman)  
Mr. Aurangzeb Ali Naqvi  
(Chief Executive Officer)  
Mr. Aamir Nazir Dhedhi  
Mr. Muhammad Munir  
Mr. Mohammad Sohail  
Mr. Muhammad Jamal Dhedhi  
Mrs. Mehrunnisa Siddiqui

Company Secretary

Asghar Ali Anjum

Auditors

Riaz Ahmad & Co.  
Chartered Accountants

Share Registrar

C&K Management Associates  
(Pvt) Limited

Bankers

MCB Bank Limited  
United Bank Limited  
Bank Al-Habib Limited

Registered Office

618 Continental Trade Center  
Main Clifton Road Clifton  
Karachi-74000, Pakistan  
Tel: (92-21) 35302902 (5 Lines)  
Fax: (92-21) 35302913

Audit Committee

Mr. Muhammad Jamal Dhedhi  
Mr. Muhammad Sohail  
Mrs. Mehrunnisa Siddiqui







## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighty Sixth Annual General Meeting of AKD Capital Limited will be held on 22 October 2020 at 12:30 P.M. at its Corporate Office Room # 618- Continental Trade Centre, Block 8, Clifton, Karachi to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements along with the Directors' Report and Auditors' Reports thereon for the year ended 30 June 2020.
2. To elect seven directors as fixed by the Board pursuant to the provisions of Section 159 of the Companies Act 2017 for a term of next three years.

Following are the names of the retiring directors:


- |                                   |                              |
|-----------------------------------|------------------------------|
| 1) Mr. Aurangzeb Ali Naqvi        | 5) Mr. Aamir Nazir Dhedhi    |
| 2) Mrs. Meherunisa Muhammad Sidiq | 6) Mr. Mohammad Sohail       |
| 3) Mr. Nadeem Saulat Siddiqui     | 7) Mr. Muhammad Jamal Dhedhi |
| 4) Mr. Muhammad Munir             |                              |

3. To appoint Auditors for the year ending 30 June 2021 and to fix their remuneration. Present auditors M/S Riaz Ahmad and Co, Chartered Accountants, retire and offer for re-appointment.

Karachi

Date: 02 October 2020

By the order of Board

  
Asghar Ali Anjum  
Company Secretary

### NOTES:

1. Any person who is not ineligible to be appointed as a director under section 153 of Companies Act 2017 and seeks to contest the election to the office of director shall whether he / she is a retiring director or otherwise file with the Company at its registered office not later than fourteen days before the date of the above said meeting his / her intention to offer himself / herself for the election of directors in terms of the section 167(1) of the Companies Act 2017 together with (a) consent in Form 28, (b) a declaration with consent to act as a director of listed company, of the Code of Corporate Governance Regulations 2019, to the effect that he / she is aware of duties and power of directors under the Companies Act 2017, the Memorandum and Articles of association of the Company and the listing regulation of the Pakistan Stock Exchange, and has read the provisions contained therein, (c) a declaration in terms of regulation 3 of the Code of Corporate Governance 2019, to the effect that he / she is not serving as a directors of more than six listed companies, that his / her name is borne in the register of national tax payers (except where he / she is a non-resident) that he / she has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.
2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a member.



3. The share transfer books of the Company will remain closed from 16 October 2020 to 22 October 2020 (both days inclusive).
4. The shareholders are advised to notify the company of any change in their addresses to ensure prompt delivery of mails. Any shares(s) for transfer etc. should also be lodged with the company.
5. Shareholders whose shares are deposited with Central Depository Company (CDC) or their Proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport along with the participants I.D. number and their account number at the time of attending the Annual General Meeting for verification.





### Chairman's Review

Dear Shareholders,

It give me pleasure to present this review report to the shareholders, stakeholders of AKD Capital Limited on the overall performance of the Board and effectiveness of its role in achieving the objectives of the company.

The company has an effective governance framework in place which ensure the success of the company. During the year under review the board has played an effective role in managing the affairs of as is depicted by the successful operational performance of the company.

On governance side, performance of the members of our board remained excellent throughout the year and their collective contributions and efforts allowed the company not only achieve its targets but maintain its market reputation.

I would like to praise the management for its immense efforts and hope that the Company would continue its upward growth trajectory in future as well.



Chairman



## DIRECTORS' REPORT

The Board of Directors of the company is hereby pleased to present the audited financial statements together with the Auditor's Report for the year ended 30 June 2020.

### OPERATING RESULTS

The comparison of the audited results for the year ended 30 June 2020 with the corresponding period of last year is as under:

.....In Rupees.....

Description	30 June 2020	30 June 2019
Net profit / (loss) before tax.	(2,927,578)	(2,459,928)
Net Profit / (loss) after tax	(2,868,347)	(3,247,264)
Earning / (loss) per share – Basic & diluted	(1.14)	(1.30)

During the year, the company incurred a net loss of Rs. 2.86 million, The Company has recognized allowance for expected credit loss (ECL) (Rs. 2.35 million) under the head of General and Administrative expenses during the year. Reason for ECL is of technical in nature due to changes & adoption of IFRS 9. The management believe that our receivable is good in nature especially it is from a related party. The management is will continue to ensure the recovery of receivables in due course of time to meet the expenses of the company.

### CODE OF CORPORATE GOVERNANCE

The Directors of the Company are fully aware of their responsibilities under the Code of Corporate Governance regulations 2019 promulgated by Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance as required.

As a part of the compliance of the Code, we confirm the following:



- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is being govern through manuals and SOP's.
- f) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- g) We have an Internal Audit Committee and HR Committee, the members of which are amongst from the Board of Directors.
- h) The Board of Directors has adopted a mission statement and a statement of overall corporate strategy.
- i) As required by the Code of Corporate Governance, we have included the following information in this report:
  - i. Statement of pattern of shareholding has been given separately.
  - ii. Statement of shares held by associated undertakings and related persons.
  - iii. Statement of the Board meetings held during the year
  - iv. Attendance by each director has been given.
  - v. Key operating and financial statistics for last five years in summarized form is given below.



## KEY FINANCIAL DATA

Particulars	2020	2019	2018	2017	2016
	Rupees in 000				
Capital	25,072	25,072	25,072	25,072	25,072
Share premium	20,891	20,891	20,891	20,891	20,891
Reserve	752	752	752	752	752
Accumulated (loss) / profit	(14,304)	(11,436)	(6,934)	(7,547)	(7,172)
Long term liabilities	--	259	183	297	336
Current Liability	4,900	5,479	3,692	4,927	4,487
<b>Total Equity &amp; Liability</b>	<b>29,991</b>	<b>39,523</b>	<b>43,375</b>	<b>46,261</b>	<b>39,173</b>
Operating Fixed Assets	1,392	1,576	1,725	1,964	2,244
Long term assets	20,860	26,925	1843	2082	6224
Current assets	7,739	11,002	41,532	44,178	36,711
<b>Total Assets</b>	<b>29,991</b>	<b>39,523</b>	<b>43,375</b>	<b>46,261</b>	<b>39,173</b>
Operating Income	2,500	5,043	4,000	3,500	8,000
Capital Gain/(Loss)	-	-	-	-	-
Operating Expenses	(5,656)	(7,504)	(4536)	(2656)	(3,124)
Operating Profit/(Loss)	(2,928)	(2,459)	1403	787	4,875
Taxation	59	787	185	34	(3,551)
Net Profit (Loss)	(2,868)	(3247)	1202	798	1,292
<b>Basic (Loss) / Earning per share</b>	<b>(1.14)</b>	<b>(1.30)</b>	<b>0.48</b>	<b>0.32</b>	<b>0.52</b>

## PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2020 is also enclosed along with these financial statements.

## DIRECTORS MEETING

During the year four meetings of the board of Directors were held, Attendance of each director is as follows:



<b>Name of Director</b>	<b>Nos. of Meeting</b>
Mr. Nadeem Saulat Siddiqui	04
Mrs. Aurangzeb Ali Naqvi	04
Mrs. Mehrunnisa Siddique	04
Mr. Muhammad Munir	04
Mr. Muhammad Sohail	04
Mr. Aamir Nazir Dhedhi	03
Mr. Muhammad Jamal	03

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their continued support and to all the employees for their ongoing dedication and commitment to the Company.

For and on behalf of the Board



Director



Chief Executive Officer

Karachi: Dated: 02 October 2020

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of AKD Capital Limited**

### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AKD Capital Limited ("the Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.



# Riaz Ahmad & Company

Chartered Accountants

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

<b>Sr. No.</b>	<b>Paragraph reference</b>	<b>Description</b>
(i)	18	As per regulation 6 of the Regulations, each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors. The Company has only one independent director.
(ii)	18	As per regulation 27(3) of the Regulations, the Board of every company shall determine the terms of reference of the audit committee. However, the Company has not determined said terms of reference of the audit committee.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**Date: 02 October 2020**



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

**Name of Company: AKD Capital Limited**

**Year ended: 30 June 2020**

The Company has complied with the requirements of the Listed Companies [Code of Corporate Governance] Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of Directors are seven (07) as per the following:

- a. Male: 6
- b. Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Ms. Mehrunnissa Siddiqui
Non-Executive Directors	Mr. Muhammad Sohail
	Mr. Muhammad Jamal Dhedhi
	Mr. Muhammad Munir
	Mr. Nadeem Saulat Siddiqui
Executive Director	Mr. Aamir Nazir Dhedhi
	Mr. Aurangzaib Ali Naqvi

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;

4. The Company has prepared the 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied





with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. Directors including Chief Executive Officer are providing services without any remuneration;
9. Out of the seven (7), only one Director Mr. Aurangzaib Ali Naqvi has obtained a certificate of Directors' Training Program. Remaining directors will undergo directors' training program in due course.
10. The Board has approved the appointment of Company Secretary and Chief Financial Officer including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Further, the position of Head of Internal Audit is vacant till the reporting date;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

<b>Names</b>	<b>Designation held</b>
Ms. Mehrunnisa Siddiqui	Chairperson
Mr. Muhammad Sohail	Member
Mr. Muhammad Jamal Dhedhi	Member

**b) HR and Remuneration Committee**

<b>Names</b>	<b>Designation held</b>
Ms. Mehrunnisa Siddiqui	Chairperson
Mr. Muhammad Jamal Dedhi	Member
Mr. Muhammad Munir	Member

13. The terms of reference of the aforesaid committees have not been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

**a) Audit Committee**

Four quarterly meetings were held during the financial year ended 30 June 2020.



## **b) HR and Remuneration Committee**

No meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2020.

15. The Board has set up an internal audit function (outsourced to a firm of chartered accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except of the following:
  - a) Regulation 6 requires that each listed company must have at least two or one third members of the Board, whichever is higher, as independent directors. The Company has only one independent director; and
  - b) Regulation 27(3) requires that the Board of every company shall determine the terms of reference of the audit committee. However, the Company has not determined said terms of reference.





19. Explanations for non-compliance with requirements, other than regulations 3, 7, 8, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1.	<p><b>Directors' Orientation Program</b></p> <p>All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.</p>	<p>Currently, the Company has not made any arrangement for orientation program. However, the Company shall carry out the said program in the ensuing year.</p>	18
2.	<p><b>Directors' Training Program</b></p> <p>It is encouraged that by 30 June 2020 at least half of the directors on their Boards have acquired the prescribed certification under any Directors' Training Program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p>	<p>Due to prevailing Pandemic situation of 'COVID-19' and lock down situation, the Company was not able to arrange target Directors' Training Program. However, the Company shall arrange the said program for at least 75% of the Directors on their Board by 30 June 2021.</p>	19(1)
3.	<p><b>Approval of Head of Internal Audit</b></p> <p>The Board shall appoint, determine remuneration, renew contracts and terms and conditions of employment of head of internal audit of the company.</p>	<p>Position of Head of Internal Audit is vacant till the reporting date. The Company will make sure the compliance of the said regulation in the next reporting year.</p>	20
4.	<p><b>Human Resource and Remuneration Committee</b></p> <p>- The committee shall meet at</p>	<p>No meeting of Human Resource and Remuneration Committee was held during the year due to slow business activity and</p>	28(3)





Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
	<p>least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the chief executive officer and the head of human resource or any other person appointed by the Board may act as the secretary of the committee.</p> <p>- The terms of reference of committee shall be determined by the Board.</p>	<p>ongoing Pandemic 'COVID-19'. The Company shall arrange meeting for Human Resource and Remuneration Committee in the next financial year.</p> <p>No terms of reference of the Committee have been determined by the Board. The Board is in process of determining the terms of reference of the Committee.</p>	<p>28(6)</p>
<p>5.</p>	<p><b>Composition of internal audit function</b></p> <p>- The head of internal audit shall functionally report to the audit committee and administratively to the chief executive officer and his performance appraisal shall be done jointly by the Chairman of the audit committee and the chief executive officer.</p> <p>- All companies shall ensure that internal audit reports are provided for the review of external auditors.</p> <p>- The internal audit function, wholly or partially, may be outsourced by the company to a professional services firm or be performed by the internal audit staff of holding company and in</p>	<p>No internal audit reports have been prepared due to no significant business activity during first two quarters and spread of Pandemic 'COVID-19' in last two quarters. However, the Company will make sure the compliance of the said regulation in the next reporting year.</p> <p>The position of head of internal audit is vacant and the Company is seeking a person with prescribed qualification for the position of head of internal audit. The Board shall consider</p>	<p>31(2)</p> <p>31(7)</p> <p>31(6)</p>





Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
	lieu of outsourcing, the company shall appoint or designate a full time employee other than chief financial officer, as head of internal audit holding equivalent qualification prescribed under these regulations, to act as coordinator between firm providing internal audit services and the Board.	appointing Head of internal audit on urgent basis and complying with the requirement of the Regulation.	

Nadeem Saulat Siddiqui  
Chairman

02 October 2020

KARACHI

## INDEPENDENT AUDITOR'S REPORT

**To the members of AKD Capital Limited**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the annexed financial statements of AKD CAPITAL LIMITED ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the



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context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

## **Information other than the Financial Statements and Auditor's Report Thereon**

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

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

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



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is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



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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 board of directors of the Company, we determine the matters that were of most significance in the audit of the financial statements of the current period and were 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).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Waqas.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

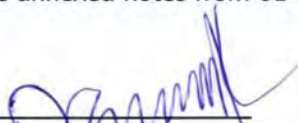
**KARACHI**

**Date: 02 October 2020**

**AKD CAPITAL LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

<b>ASSETS</b>	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	1,391,921	1,576,033
Long-term investments	7	20,840,480	26,924,940
Long-term deposit	8	20,000	20,000
		<b>22,252,401</b>	<b>28,520,973</b>
<b>CURRENT ASSETS</b>			
Trade debts	9	2,215,467	4,497,066
Advance and prepayments		79,334	55,000
Other receivables	10	4,451,084	4,094,173
Advance income tax		832,127	959,585
Bank balances	11	161,236	1,396,302
		<b>7,739,248</b>	<b>11,002,126</b>
<b>TOTAL ASSETS</b>		<b>29,991,649</b>	<b>39,523,099</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rupees 10 each		<b>500,000,000</b>	500,000,000
Issued, subscribed and paid-up share capital	12	25,072,733	25,072,733
Reserves	13	18,750	8,971,557
<b>TOTAL EQUITY</b>		<b>25,091,483</b>	<b>34,044,290</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax	18.2	-	259,231
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	1,943,671	2,030,056
Provision for taxation		479,533	711,480
Unclaimed dividend		2,476,962	2,478,042
		<b>4,900,166</b>	<b>5,219,578</b>
<b>TOTAL LIABILITIES</b>		<b>4,900,166</b>	<b>5,478,809</b>
Contingencies and commitments	15		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,991,649</b>	<b>39,523,099</b>

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
**Chief Financial Officer**

  
**Chief Executive Officer**

  
**Director**



**AKD CAPITAL LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
<b>INCOME</b>			
Consultancy income	16	2,500,000	4,500,000
Dividend income		-	543,200
<b>EXPENSES</b>			
Administrative and general expenses	17	(5,656,124)	(7,503,128)
Other income		228,546	-
<b>LOSS BEFORE TAXATION</b>		<u>(2,927,578)</u>	<u>(2,459,928)</u>
<b>TAXATION</b>	18	59,231	(787,336)
<b>LOSS AFTER TAXATION</b>		<u>(2,868,347)</u>	<u>(3,247,264)</u>
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Items that will not be reclassified subsequently to profit and loss:</b>			
- Unrealized loss arising on remeasurement of investments at 'fair value through other comprehensive income'		(6,084,460)	(953,860)
<b>Items that may be reclassified subsequently to profit and loss</b>			
Other comprehensive loss for the year		-	-
		(6,084,460)	(953,860)
<b>TOTAL COMPREHENSIVE LOSS</b>		<u>(8,952,807)</u>	<u>(4,201,124)</u>
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	19	<u>(1.14)</u>	<u>(1.30)</u>

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
 Chief Financial Officer

  
 Chief Executive Officer

  
 Director

**AKD CAPITAL LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Reserves						Sub total	Total equity
	Capital Reserves			Revenue Reserves				
	Issued, subscribed and paid-up share capital	Share premium	Fair value reserve on available for sale investments	Fair value reserve on 'Fair value through other comprehensive income' investments	General reserve	Accumulated loss		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
<b>Balance as at 30 June 2018</b>	<b>25,072,733</b>	<b>20,891,600</b>	<b>(282,607)</b>	<b>-</b>	<b>752,000</b>	<b>(6,934,816)</b>	<b>14,426,177</b>	<b>39,498,910</b>
Final dividend for the year ended 30 June 2018	-	-	-	-	-	(1,253,496)	(1,253,496)	(1,253,496)
Adjustment on adoption of IFRS 9	-	-	282,607	(282,607)	-	-	-	-
Loss for the year	-	-	-	-	-	(3,247,264)	(3,247,264)	(3,247,264)
Other comprehensive loss	-	-	-	(953,860)	-	-	(953,860)	(953,860)
Total comprehensive loss for the year	-	-	-	(953,860)	-	(3,247,264)	(4,201,124)	(4,201,124)
<b>Balance as at 30 June 2019</b>	<b>25,072,733</b>	<b>20,891,600</b>	<b>-</b>	<b>(1,236,467)</b>	<b>752,000</b>	<b>(11,435,576)</b>	<b>8,971,557</b>	<b>34,044,290</b>
Loss for the year	-	-	-	-	-	(2,868,347)	(2,868,347)	(2,868,347)
Other comprehensive loss	-	-	-	(6,084,460)	-	-	(6,084,460)	(6,084,460)
Total comprehensive loss for the year	-	-	-	(6,084,460)	-	(2,868,347)	(8,952,807)	(8,952,807)
<b>Balance as at 30 June 2020</b>	<b>25,072,733</b>	<b>20,891,600</b>	<b>-</b>	<b>(7,320,927)</b>	<b>752,000</b>	<b>(14,303,923)</b>	<b>18,750</b>	<b>25,091,483</b>

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
**Chief Financial Officer**

  
**Chief Executive Officer**

  
**Director**



**AKD CAPITAL LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		<b>(2,927,578)</b>	(2,459,928)
<b>Adjustments for non cash items:</b>			
Dividend income		-	(543,200)
Allowance for expected credit loss		<b>2,350,488</b>	3,134,878
Depreciation		<b>184,112</b>	210,880
Operating cash (used) / flow before working capital changes		<b>(392,978)</b>	342,630
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Trade debts		<b>(68,889)</b>	(4,500,000)
Advance to employees		<b>(24,334)</b>	(45,000)
Other receivables		<b>(356,911)</b>	(35,771)
<b>Increase in current liabilities</b>			
Trade and other payables		<b>(86,385)</b>	156,047
		<b>(536,519)</b>	(4,424,724)
<b>Cash used in operations</b>		<b>(929,497)</b>	(4,082,094)
Income tax paid		<b>(304,489)</b>	(85,097)
<b>Net cash used in operating activities</b>		<b>(1,233,986)</b>	(4,167,191)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment		-	(61,655)
Dividend income received		-	543,200
<b>Net cash flow from investing activities</b>		-	481,545
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		<b>(1,080)</b>	(253,379)
<b>Net cash used in financing activities</b>		<b>(1,080)</b>	(253,379)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,235,066)</b>	(3,939,025)
Cash and cash equivalents at the beginning of the year		<b>1,396,302</b>	5,335,327
<b>Cash and cash equivalents at the end of the year</b>	11	<b>161,236</b>	1,396,302

The annexed notes from 01 to 29 form an integral part of these financial statements.

  
 Chief Financial Officer

  
 Chief Executive Officer

  
 Director