

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:

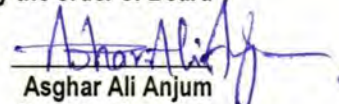
- | | |
|-----------------------------------|------------------------------|
| 1) Mr. Aurangzeb Ali Naqvi | 5) Mr. Aamir Nazir Dhedhi |
| 2) Mrs. Meherunisa Muhammad Sidiq | 6) Mr. Mohammad Sohail |
| 3) Mr. Nadeem Saulat Siddiqui | 7) Mr. Muhammad Jamal Dhedhi |
| 4) Mr. Muhammad Munir | |

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
Total Equity & Liability	29,991	39,523	43,375	46,261	39,173
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
Total Assets	29,991	39,523	43,375	46,261	39,173
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
Basic (Loss) / Earning per share	(1.14)	(1.30)	0.48	0.32	0.52

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:

Name of Director	Nos. of Meeting
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:

Sr. No.	Paragraph reference	Description
(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

Names	Designation held
Ms. Mehrunnisa Siddiqui	Chairperson
Mr. Muhammad Sohail	Member
Mr. Muhammad Jamal Dhedhi	Member

b) HR and Remuneration Committee

Names	Designation held
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>Directors' Orientation Program</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>Directors' Training Program</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>Approval of Head of Internal Audit</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>Human Resource and Remuneration Committee</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>Composition of internal audit function</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

Riaz Ahmad & Company

Chartered Accountants

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.

Riaz Ahmad & Company

Chartered Accountants

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

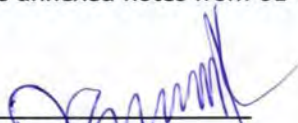
KARACHI

Date: 02 October 2020

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

ASSETS	Note	2020 Rupees	2019 Rupees
NON-CURRENT ASSETS			
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
		<u>22,252,401</u>	<u>28,520,973</u>
CURRENT ASSETS			
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
		<u>7,739,248</u>	<u>11,002,126</u>
TOTAL ASSETS		<u>29,991,649</u>	<u>39,523,099</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rupees 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital	12	25,072,733	25,072,733
Reserves	13	18,750	8,971,557
TOTAL EQUITY		<u>25,091,483</u>	<u>34,044,290</u>
NON CURRENT LIABILITIES			
Deferred tax	18.2	-	259,231
CURRENT LIABILITIES			
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
		<u>4,900,166</u>	<u>5,219,578</u>
TOTAL LIABILITIES		<u>4,900,166</u>	<u>5,478,809</u>
Contingencies and commitments	15		
TOTAL EQUITY AND LIABILITIES		<u>29,991,649</u>	<u>39,523,099</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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Consultancy income	16	2,500,000	4,500,000
Dividend income		-	543,200
EXPENSES			
Administrative and general expenses	17	(5,656,124)	(7,503,128)
Other income		228,546	-
LOSS BEFORE TAXATION		<u>(2,927,578)</u>	<u>(2,459,928)</u>
TAXATION	18	59,231	(787,336)
LOSS AFTER TAXATION		<u>(2,868,347)</u>	<u>(3,247,264)</u>
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified subsequently to profit and loss:			
- Unrealized loss arising on remeasurement of investments at 'fair value through other comprehensive income'		(6,084,460)	(953,860)
Items that may be reclassified subsequently to profit and loss			
Other comprehensive loss for the year		-	-
		(6,084,460)	(953,860)
TOTAL COMPREHENSIVE LOSS		<u>(8,952,807)</u>	<u>(4,201,124)</u>
LOSS PER SHARE - BASIC AND DILUTED	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	
Balance as at 30 June 2018	25,072,733	20,891,600	(282,607)	-	752,000	(6,934,816)	14,426,177	39,498,910
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)
Balance as at 30 June 2019	25,072,733	20,891,600	-	(1,236,467)	752,000	(11,435,576)	8,971,557	34,044,290
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)
Balance as at 30 June 2020	25,072,733	20,891,600	-	(7,320,927)	752,000	(14,303,923)	18,750	25,091,483

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

AKD CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 AKD Capital Limited ("the Company") was incorporated as a Public Limited Company in the year 1936 under Companies Act, 1913 (Now the Companies Act, 2017). Shares of the Company are quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the business of real estate / providing consultancy, projects financing and management, investment in listed securities and to engage in leasing. The registered office of the Company is situated at 618, Continental Trade Center, Clifton, Karachi.

1.2 These financial statements have reported net loss for the year amounting to Rupees 2.584 million. The Company's net assets position and other financial indicators depict a healthy financial position as at the reporting date. However, the Company's primary commercial operations i.e. to deal in real estate projects, providing consultancy services, projects financing and management etc remained at halt for some years due to economic conditions prevailing in the Country and other ancillary reasons. This situation indicates the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management is proactively considering new business avenues and looking for different options. The Company has been successful in securing contracts from construction venture for provision of consultancy services. During the year, the Company has renewed the contracts for another three years with expiry date of 30 June 2023 for providing infrastructure consultancy and entered into the agreement of Rupees 25 million against which services are being rendered. The Company is also exploring other construction projects and business opportunities to enhance its revenues in the coming years. The Company has also invested its surplus funds in a housing scheme company from which lucrative returns are expected in the coming years. The sponsor directors and management of the Company are committed to the viable and profitable commercial operations of the Company in the ensuing financial year and, based upon the future financial projections, strongly believe that the Company will continue as a going concern.

These financial statements, therefore, have been prepared on going concern basis and do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments - Fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at reporting date.

Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

4. NEW OR AMENDMENTS TO EXISTING STANDARDS / INTERPRETATIONS AND FORTHCOMING REQUIREMENTS

4.1 Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The above mentioned accounting standard did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

4.2 Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting

decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.


Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

The above amendments and improvements do not have a material impact on the financial statements. 

4.4 Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

5. SUMMARY OF ACCOUNTING POLICIES

5.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss and other comprehensive income during the period in which they are incurred.

Depreciation

Depreciation is charged to statement of profit or loss and other comprehensive income applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 6. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss and other comprehensive income in the year the asset is de-recognized.

5.2 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in the statement of profit or loss and other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in the statement of profit or loss and other comprehensive income and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income/ (other expenses) in the statement of profit or loss and other comprehensive income as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

5.3 Financial liabilities - Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also included in profit or loss.

5.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

5.5 De-recognition of financial assets and liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

5.6 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.7 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

5.8 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

5.9 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalent comprise of cash in hand and cash in banks in current and deposit accounts.

5.11 Provisions

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

5.12 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all 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 the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

5.13 Revenue from contracts with customers

Revenue recognition:

a) Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

b) Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

5.14 Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds the recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. A previously recognized impairment loss is reversed only if there has been a

change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If there is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior year. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

5.15 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

5.16 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

5.17 Foreign currencies transactions and translation

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transaction is foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at the exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchanges differences to statement of profit or loss and other comprehensive income.

5.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its stakeholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Company's reported net profits.

6. PROPERTY AND EQUIPMENT

Description	Furniture & fixtures	Office equipment	Computer equipment	Vehicles	Lockers	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At 30 June 2018						
Cost	3,991,830	1,560,989	1,878,265	5,122,500	41,500	12,595,084
Accumulated depreciation	(2,959,164)	(1,190,574)	(1,862,980)	(4,820,870)	(36,238)	(10,869,826)
Net book value	<u>1,032,666</u>	<u>370,415</u>	<u>15,285</u>	<u>301,630</u>	<u>5,262</u>	<u>1,725,258</u>
Year ended 30 June 2019						
Opening net book value	1,032,666	370,415	15,285	301,630	5,262	1,725,258
Addition - at cost	-	61,655	-	-	-	61,655
Depreciation charge	(103,267)	(41,666)	(5,095)	(60,326)	(526)	(210,880)
Closing net book value	<u>929,399</u>	<u>390,404</u>	<u>10,190</u>	<u>241,304</u>	<u>4,736</u>	<u>1,576,033</u>
At 30 June 2019						
Cost	3,991,830	1,622,644	1,878,265	5,122,500	41,500	12,656,739
Accumulated depreciation	(3,062,431)	(1,232,240)	(1,868,075)	(4,881,196)	(36,764)	(11,080,706)
Net book value	<u>929,399</u>	<u>390,404</u>	<u>10,190</u>	<u>241,304</u>	<u>4,736</u>	<u>1,576,033</u>
Year ended 30 June 2020						
Opening net book value	929,399	390,404	10,190	241,304	4,736	1,576,033
Addition - at cost	-	-	-	-	-	-
Depreciation charge	(92,940)	(39,040)	(3,397)	(48,261)	(474)	(184,112)
Closing net book value	<u>836,459</u>	<u>351,364</u>	<u>6,793</u>	<u>193,043</u>	<u>4,262</u>	<u>1,391,921</u>
At 30 June 2020						
Cost	3,991,830	1,622,644	1,878,265	5,122,500	41,500	12,656,739
Accumulated depreciation	(3,155,371)	(1,271,280)	(1,871,472)	(4,929,457)	(37,238)	(11,264,818)
Net book value	<u>836,459</u>	<u>351,364</u>	<u>6,793</u>	<u>193,043</u>	<u>4,262</u>	<u>1,391,921</u>
Depreciation rate	10%	10%	33.33%	20%	10%	

6.1 Depreciation is charged to administrative and general expenses (Note 17).

7. LONG-TERM INVESTMENTS	Note	2020 Rupees	2019 Rupees
Equity instruments			
Investment in equity securities - at 'fair value through other comprehensive income'			
Related parties			
AKD REIT Management Company Limited - unquoted 10,000 (2019: 10,000) fully paid ordinary shares of Rupees 10 each. Equity held 0.1% (2019: 0.1%) & Cost of Rupees 100,000 (2019: Rupees 100,000)	7.1	-	-
Creek Developers (Private) Limited - unquoted 9,800 (2019: 9,800) fully paid ordinary shares of Rupees 10 each. Equity held 0.01% (2019: 0.01%) & Cost of Rupees 98,000 (2019: Rupees 98,000)	7.2	98,000	98,000
Others			
Javedan Corporation Limited - quoted 921,888 (2019: 838,080) fully paid ordinary shares of Rupees 10 each. Equity held 0.3% (2019: 0.3%) & Cost of Rupees 28,063,407 (2019: Rupees 28,063,407)		20,742,480	26,826,940
		20,840,480	26,924,940

7.1 Investment in AKD REIT Management Company Limited has been fully provided in prior years. This Company is required to seek prior approval from Securities & Exchange Commission of Pakistan before disposing of this investments.

7.2 This represents investments in the ordinary shares of Creek Developers (Private) Limited (CDPL) that is in the process of building towers. CDPL is currently classified as a level 3 financial assets and is measured at fair value on reporting dates. However due to volatility in the underlying assumptions relevant to the valuation, there is a wide range of possible fair value measurement and cost is considered to represent the best estimate of fair value within that range. This Company is required to seek prior approval from Defense Housing Authority before disposing of this investment.

8. LONG-TERM DEPOSIT

Deposit with Pakistan Telecommunication Company Limited	8.1	20,000	20,000
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8.1 This represents amount deposited with Pakistan Telecommunication Company Limited (PTCL) as security deposit at the time of connection in 2003. The fair value and expected credit loss adjustment in accordance with requirements of IFRS 9 "Financial Instruments" in respect of long term deposits is not considered material and hence not recognized.

9. TRADE DEBTS

Unsecured & considered good

Related party	9.1	7,700,833	7,631,944
Less: Allowance for expected credit loss			
As at 01 July		3,134,878	-
Recognized during the year		2,350,488	3,134,878
As at 30 June		-	-
		5,485,366	3,134,878
		2,215,467	4,497,066

9.1 As at 30 June 2020, trade debts (net of allowance for expected credit loss) due from the related party amounting to Rupees 1 million (2019: Rupees 4.502 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

	Note	2020 Rupees	2019 Rupees
Upto 1 month		-	4,502,386
1 to 6 months		-	-
More than 6 months		<u>1,000,000</u>	-
		<u>1,000,000</u>	<u>4,502,386</u>

9.2 As at 30 June 2020, trade debts due from the related party amounting to Rupees 5.201 million (2019: Rupees 3.135 million) were impaired and provided for. The aging of these trade debts were of more than 365 days.

9.3 The maximum aggregate amount receivable from related parties at the end of any month during the year was Rupees 7.2 million (2019: Rupees 7.632 million).

10. OTHER RECEIVABLES

Related Parties - Unsecured & considered good

Creek Developers (Private) Limited (CDPL)	10.1	<u>4,451,084</u>	<u>4,094,173</u>
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10.1 This represents the balance receivable of allocated share of common expenses.

10.2 The maximum aggregate amount receivable from CDPL at the end of any month during the year was Rupees 4.451 million (2019: Rupees 4.094 million).

11. BANK BALANCES

Cash in bank - current accounts	<u>161,236</u>	<u>1,396,302</u>
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12. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020 (Number of shares)	2019		2020	2019
2,138,681	2,138,681	Ordinary shares of Rupees 10 each fully paid in cash	21,386,810	21,386,810
368,311	368,311	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	3,683,110	3,683,110
<u>479</u>	479	Ordinary shares of Rupees 10 each forfeited	<u>2,813</u>	2,813
<u>2,507,471</u>	<u>2,507,471</u>		<u>25,072,733</u>	<u>25,072,733</u>

12.1 Ordinary shares of the Company held by the associated companies:

	(Number of shares)	
AKD Securities Limited	57,290	57,290
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund	<u>249,000</u>	<u>249,000</u>
	<u>306,290</u>	<u>306,290</u>

13. RESERVES	Note	2020 Rupees	2019 Rupees
Composition of reserves is as follows:			
Capital reserves			
Share premium	13.1	20,891,600	20,891,600
Fair value reserve	13.2	(7,320,927)	(1,236,467)
		13,570,673	19,655,133
Revenue reserves			
General reserve		752,000	752,000
Accumulated loss		(14,303,923)	(11,435,576)
		(13,551,923)	(10,683,576)
		18,750	8,971,557
13.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.			
13.2 Fair value reserve on 'fair value through other comprehensive income' investments:			
As at 01 July		(1,236,467)	(282,607)
Fair value adjustment made during the year		(6,084,460)	(953,860)
As at 30 June		(7,320,927)	(1,236,467)
14. TRADE AND OTHER PAYABLES			
Accrued liabilities		894,522	1,159,316
Payable to AKD Securities Limited		427,196	55,118
Withholding tax payable		327,431	319,289
Zakat payable		-	201,811
Provision for workers welfare fund		294,522	294,522
		1,943,671	2,030,056
15. CONTINGENCIES AND COMMITMENTS			
15.1 Contingencies			
a) The Company filed a law suit in the Honorable High Court of Sindh against a consortium based in Lahore by sending legal notice unduly involving the name of the Company which is not correct as per Company's records. In response, the said Consortium also filed a counter law suit on the Company in the same court claiming certain consultancy fees from the Company. The management and the legal counsel of the Company are of the view that based on the legal merits, the said law suits will be disposed of without any financial loss to the Company.			
b) In 2012, an individual filed case in the Honorable High Court of Sindh against Defence Housing Authority (DHA) alleging the land belongs to the previous project and designated as amenity plot and made the Company as pro-forma defendant. Presently, the matter is pending in Honorable High Court of Sindh. The management and its legal counsel are confident that that the Company is not a party to the aforesaid case, therefore, the eventual outcome would be favorable and would not result in any financial loss to the Company.			
c) The Company has written back some old liabilities during the year aggregately amounting to Rupees 228,546. In case of demand from creditor in future, the Company will be liable to pay them off.			

15.2 Commitments

There were no commitments as at the reporting date (2019: Nil).

16. CONSULTANCY INCOME

The revenue recognized represents the consultancy services rendered to a related party till the reporting date in respect of infrastructure designing of the construction projects.

17. ADMINISTRATIVE AND GENERAL EXPENSES	Note	2020 Rupees	2019 Rupees
Salaries and benefits	17.1	1,115,575	1,998,850
Printing and stationery		5,330	19,435
Postage and telegram		3,488	6,613
Fees, taxes and subscription		447,008	598,199
Legal and professional		614,250	342,550
Advertisement and publicity		13,650	-
Entertainment		115,550	125,000
Penalty		-	50,000
Auditors' remuneration	17.2	747,900	843,480
Depreciation	6.1	184,112	210,880
Allowance for expected credit loss	9	2,350,488	3,134,878
Office expenses		56,201	119,740
Repair and maintenance		-	42,969
Bank charges		2,572	10,534
		<u>5,656,124</u>	<u>7,503,128</u>

17.1 Remuneration of Directors and Executives

No remuneration and meeting fee have been paid to Chief Executive Officer and Directors during the year (2019: Nil).

17.2 Auditors' remuneration

Audit services

Audit fee	440,000	440,000
Half yearly review fee	130,000	130,000
	<u>570,000</u>	<u>570,000</u>

Non-audit services

Code of Corporate Governance review fee	41,000	50,000
Other certification	22,000	90,000
	<u>63,000</u>	<u>140,000</u>

Out of pocket expenses	59,500	71,000
Sindh Sales tax @ 8%	55,400	62,480
	<u>747,900</u>	<u>843,480</u>

18. TAXATION

Current tax	18.1	200,000	441,480
Prior year		-	270,000
Deferred tax	18.2	(259,231)	75,856
		<u>(59,231)</u>	<u>787,336</u>

18.1 Current tax

The charge for current taxation is based on minimum tax chargeable under section 153(3)(b) of Income Tax Ordinance, 2001 after taking into account applicable tax credits, rebates and exemption available if any.

18.2 Deferred tax	Note	2020 Rupees	2019 Rupees
Debit balance arising in respect of:			
- Available tax losses		213,240	-
Credit balance arising in respect of:			
- Accelerated depreciation on property and equipment		(220,957)	(259,231)
As at 30 June		(7,717)	(259,231)
As at 01 July		(259,231)	183,375
Charge available for the year		251,514	(75,856)
Unrecognized deferred tax asset		7,717	-
Charge for the year		259,231	(75,856)

18.2.1 Deferred tax asset as at 30 June 2020 to the extent of Rupees 7,717 has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

18.3 Relationship between tax expense and accounting loss:

Accounting loss before taxation	(2,927,578)	(2,459,928)
Tax @ 29% (2019: 29%)	(848,998)	(713,379)
Effect of:		
Dividend income subject to fixed rate	-	(76,048)
Accelerated depreciation	20,395	17,540
Permanent difference	-	14,500
Liabilities written back	(66,278)	-
Allowance for expected credit loss	681,641	909,115
Minimum tax	413,239	289,752
	200,000	441,480

19. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the Company which is based on:

Loss for the year (Rupees)	(2,868,347)	(3,247,264)
Weighted average number of ordinary shares (Number)	2,507,471	2,507,471
Loss per share - basic & diluted (Rupees)	(1.14)	(1.30)

20. Reconciliation of movement of liability to cash flows arising from financing activities:

Unclaimed dividend

As at 01 July	2,478,042	1,477,925
Dividend declared	-	1,253,496
Dividend paid	(1,080)	(253,379)
As at 30 June	2,476,962	2,478,042

21. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:

Related party	Relationship with the Company	Nature of transaction and balances	2020 Rupees	2019 Rupees
i. AKD Securities Limited	Common directorship and 2.28% shareholding	Expenses credited	<u>372,078</u>	<u>198,348</u>
		Paid during the year	<u>-</u>	<u>123,230</u>
		Balance at year end	<u>(427,196)</u>	<u>(55,118)</u>
ii. Creek Developers (Private) Limited	Common directorship and 0.01% shareholding	Expenses debited	<u>346,911</u>	<u>55,771</u>
		Balance at year end	<u>4,451,084</u>	<u>4,094,173</u>
iii. R.A. Enterprises	Sponsor's interest	Consultancy fee	<u>2,500,000</u>	<u>4,500,000</u>
		Collection during the year	<u>2,431,111</u>	<u>-</u>
		Balance at year end	<u>2,215,467</u>	<u>4,497,066</u>

22. FINANCIAL RISK MANAGEMENT

22.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date. Moreover, no transactions were carried out in any foreign currency during the year.

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on equity (fair value reserve)	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
KSE 100 (5% increase)	-	-	1,037,124	1,341,347
KSE 100 (5% decrease)	-	-	(1,037,124)	(1,341,347)

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest bearing liabilities at the reporting date.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long term investments	20,840,480	26,924,940
Long-term deposit	20,000	20,000
Trade debts	2,215,467	4,497,066
Advance to employees	79,334	55,000
Other receivables	4,451,084	4,094,173
Bank balances	161,236	1,396,302
	<u>27,767,601</u>	<u>36,987,481</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating				
	Short Term	Long Term	Agency		
MCB Bank Limited	A1+	AAA	PACRA	8,172	1,223,536
United Bank Limited	A-1+	AAA	VIS	4,179	4,179
Bank Al-Habib Limited	A1+	AA+	PACRA	148,885	168,587
				<u>161,236</u>	<u>1,396,302</u>
Investments					
Creek Developers (Private) Limited		Unknown	-	98,000	98,000
Javedan Corporation Limited	A-1	A+	VIS	20,742,480	26,826,940
				<u>20,840,480</u>	<u>26,924,940</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient bank balance other liquid assets. At 30 June 2020, the Company had Rupees 0.161 million (2019: 1.396 million) bank balance. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020

	Carrying Amount	Contractual Cash Flows	6 month or less	6 months to 12 months	More than 1 year
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	1,321,718	1,321,718	1,321,718	-	-
Unclaimed dividend	2,476,962	2,476,962	2,476,962	-	-
	3,798,680	3,798,680	3,798,680	-	-

Contractual maturities of financial liabilities as at 30 June 2019

Trade and other payables	1,214,434	1,214,434	1,214,434	-	-
Unclaimed dividend	2,478,042	2,478,042	2,478,042	-	-
	3,692,476	3,692,476	3,692,476	-	-

22.2 Recognized fair value measurements - financial assets

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table:

Recurring fair value measurements As at 30 June 2020	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Investments at 'fair value through other comprehensive income'	20,742,480	-	98,000	20,840,480
As at 30 June 2019				
Investments at 'fair value through other comprehensive income'	26,826,940	-	98,000	26,924,940

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

22.3 Recognized fair value measurements - non-financial assets

There were no any non-financial assets as at 30 June 2020 (2019: Nil) for the recognized fair value measurement.

22.4 Financial instruments by categories

As at 30 June 2020

Assets as per statement of financial position

	At 'fair value through other comprehensive income'	At amortized cost	Total
	Rupees	Rupees	Rupees
Long-term investments	20,840,480	-	20,840,480
Long-term deposit	-	20,000	20,000
Trade debts	-	2,215,467	2,215,467
Advance to employees	-	79,334	79,334
Other receivables	-	4,451,084	4,451,084
Bank balances	-	161,236	161,236
	<u>20,840,480</u>	<u>6,927,121</u>	<u>27,767,601</u>

Liabilities as per statement of financial position

Trade and other payables	-	1,321,718	1,321,718
Unclaimed dividend	-	2,476,962	2,476,962
	-	<u>3,798,680</u>	<u>3,798,680</u>

As at 30 June 2019

Assets as per statement of financial position

Long-term investments	26,924,940	-	26,924,940
Long-term deposit	-	20,000	20,000
Trade debts	-	4,497,066	4,497,066
Advance to employees	-	55,000	55,000
Other receivables	-	4,094,173	4,094,173
Bank balances	-	1,396,302	1,396,302
	<u>26,924,940</u>	<u>10,062,541</u>	<u>36,987,481</u>

Liabilities as per statement of financial position

Trade and other payables	-	1,214,434	1,214,434
Unclaimed dividend	-	2,478,042	2,478,042
	-	<u>3,692,476</u>	<u>3,692,476</u>

22.5 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

23. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders and issue new shares or sell assets. The Company's strategy, remained unchanged from last year.

24. NUMBER OF EMPLOYEES

The number of employees during the year is as follows:

	2020		2019	
	At year end	Average	At year end	Average
Number of employees	5	3	3	3

- 24.1** All employees are hired on temporary contract basis. Therefore, the Company has not so far established any staff retirement benefit scheme. The Company intends to hire permanent employees after the commencement of primary commercial operations.

25. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in their meeting held on _____ proposed a final cash dividend for the year ended 30 June 2020 @ Nil% i.e. Rupee Nil / share (2019: @ Nil% i.e. Rupee Nil / share) for the ordinary shareholders of the Company except Company's sponsors, directors and their families. The approval of the members for the dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 30 June 2020 do not include the effect of these appropriations which will be accounted for in the interim financial statements for the six month period ending on 31 December 2020.

26. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9 'Financial Instruments';
- the impairment of tangible assets under IAS 36 'Impairment of Assets';
- provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets'; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

27. DATE OF AUTHORIZATION

These financial statements were approved and authorized for the issue on 02 OCT 2020 by the Board of Directors of the Company.

28. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no reclassification / rearrangement of the corresponding figures have been made during the year in these financial statements.

29. GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.


Chief Financial Officer


Chief Executive Officer


Director



AKD Capital Ltd.

PATTERN OF SHAREHOLDING

PART-I

(Please complete in typescript or in bold block capitals.)

1.1 Name of the Company

AKD Capital Limited

PART-II

2.1. Pattern of holding of the shares held by the shareholders as at

3 0

0 6

2 0 2 0

2.2. No of shareholders	Shareholdings	Total shares held
431	shareholding from 1 to 100 shares	9,794
134	shareholding from 101 to 500 shares	42,922
46	shareholding from 501 to 1000 shares	40,761
41	shareholding from 1001 to 5000	96,352
6	shareholding from 5001 to 10000	44,883
2	shareholding from 10001 to 15000	24,462
4	shareholding from 15001 to 20000	71,555
3	shareholding from 20001 to 30000	78,933
1	shareholding from 30001 to 40000	37,968
5	shareholding from 40001 to 95000	316,110
1	shareholding from 95001 to 145000	130,680
1	shareholding from 145001 to 195000	166,340
3	shareholding from 195001 to 695000	69,8000
1	shareholding from 695001 to 750000	748,232
	<i>(Add appropriate slabs of shareholdings)</i>	
	Total	2,506,992



2.3	Categories of shareholders	share held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children.	43,308	1.72
2.3.2	Associated Companies, undertakings and related parties.	0	0
2.3.3	NIT and ICP	0	0
2.3.4	Banks Development Financial Institutions, Non-Banking Financial Institutions.	791,690	31.59
2.3.5	Insurance Companies	843	0.03
2.3.6	Modarabas and Mutual Funds	0	0
2.3.7	Shareholders holding 10%	0	0
2.3.8	General Public		
	a. Local	1,693,950	68.38
	b. Foreign	0	0
2.3.9	Others (to be specified)	0	0

Form Of Proxy

Eighty Sixth Annual General Meeting

I/we

Of

being member(s) of AKD Capital Limited holding

ordinary shares hereby appoint

of or failing him/her

of who is also member of AKD Capital Ltd. as my/our proxy in my/our absence

to attend and vote for me/us and on my/our behalf at the Eighty Sixth Annual General Meeting of the Company

to be held on October 22, 2020 and /or any adjournment thereof.

As witness my /hand /seal thisday of20---

Shareholder

Folio No.

Signature on
Five Rupee Revenue
Stamp

Important:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, 618, Continental Trade Centre, Block 8, Clifton, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy form an more than on instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.