

## **Akik Capital (Private) Limited**

### **Directors Report for the Year Ended June 30, 2022**

On behalf of the Board of Directors of Akik Capital (Private) Limited, I take pleasure in presenting to you an over-view of Akik Capital's performance for the year ended June 30, 2022.

Akik Capital (Private) Limited ("the Company", "Akik"), Al-Hamdolillah, closed the year with PAT at Rs9.7mn (EPS: Rs1.40 – on WA number of shares and Rs1.37 on current number of shares). Profitability was supported by portfolio gains (realized and un-realized), as broking revenue slipped 24% year-on year. Overall volumes at the exchange were down circa 45%, impacting our business as well.

Akik Capital's primary focus remained on institutional business, with corporate clients contributing to almost 74% of our broking revenue.

### **Future Outlook**

Political and economic uncertainty that prevails currently, is expected to continue to impact market volumes, at-least till the next few months. Valuations, however, remain extremely attractive and once markets perceive some stability (on the political and economic front), activity at the exchange may pick-up, Insha Allah.

Over-all, we expect the broking business environment to remain tough. We will, however, continue to try our level-best Insha Allah and continue to pray to Allah SWT for Akik's success in FY23. Insha Allah.

We remain thankful to Allah SWT for Akik's performance since inception (August 2020) and are also thankful to our regulators, stakeholders, clients and colleagues for their wonderful support.

Thank You

A blue ink signature of Muhammad Qasim Lakhani, consisting of stylized, overlapping loops and a long horizontal stroke.

Muhammad Qasim Lakhani, CFA  
Chief Executive

October 5, 2022



**AKIK CAPITAL (PRIVATE) LIMITE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30,2022**

**Independent Auditors' Report**  
**To the members of AKIK Capital (Private) Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **AKIK Capital (Private) Limited**, ("the Company") which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, 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, 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 June 30, 2022 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

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

Management is responsible for the other information. The other information comprises the information included in for Director's 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 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 is responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.

  
Chartered Accountants

Karachi:

Dated: October 05, 2022

UDIN : AR2022102224Ur3YpPGy

**AKIK CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	2022	2021
		----(Rupees)----	
<b><u>ASSETS</u></b>			
<b>NON CURRENT ASSETS</b>			
Property & equipments	4	15,428,152	8,539,968
Intangible assets	5	4,085,053	3,302,527
Advance for purchase of investment property	6	14,970,800	13,000,000
Long term deposits	7	413,600	413,600
		34,897,605	25,256,095
<b>CURRENT ASSETS</b>			
Trade debts - considered good	8	3,813,455	5,546,293
Short Term Investments	9	86,921,772	87,746,073
Advance, Deposits & Prepayments	10	758,353	5,536,554
Cash and Bank Balances	11	33,296,473	8,399,727
		124,790,053	107,228,647
		159,687,658	132,484,742
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b><u>AUTHORIZED CAPITAL</u></b>			
8,000,000 Ordinary Shares of Rs. 10 each		80,000,000	80,000,000
<b>Issued, subscribed and paid up capital</b>			
7,100,000 (2021: 5,000,000) ordinary shares of Rs. 10 each allotted for consideration paid in cash	12	71,000,000	50,000,000
Un-appropriated profit	13	39,594,134	29,885,149
Share subscription money		-	21,000,000
		110,594,134	100,885,149
<b>NON- CURRENT LIABILITIES</b>			
Deferred tax liability	14	3,637,600	1,985,527
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	45,455,924	26,427,346
Provision for Taxation		-	3,186,719
Contingencies & Commitment	16	45,455,924	29,614,065
		159,687,658	132,484,742

The annexed notes 1 to 16

The annexed notes 1 to 34 form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**



**AKIK CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 ---(Rupees)---	2021
Operating Revenues	17	55,846,794	74,541,641
Net gain on disposal of short term investments		4,802,309	8,123,465
Unrealized gain on re-measurement of short term investments		15,860,805	13,236,851
		<b>76,509,908</b>	<b>95,901,958</b>
<b>Expenses</b>			
Operating and administrative expenses	18	(58,340,731)	(57,385,216)
		<b>(58,340,731)</b>	<b>(57,385,216)</b>
Other Income		18,169,177	38,516,743
		<b>12,308</b>	<b>103,446</b>
Finance cost - Bank charges		18,181,485	38,620,189
Profit before taxation		<b>(1,213,141)</b>	<b>(1,251,015)</b>
Provision for Taxation:	19	16,968,344	37,369,174
Profit after taxation		<b>(7,259,359)</b>	<b>(10,147,867)</b>
		<b>9,708,985</b>	<b>27,221,307</b>
<b>Other Comprehensive income :</b>			
Comprehensive income		-	-
Total comprehensive income		<b>9,708,985</b>	<b>27,221,307</b>
Earning Per Share -Basic & Diluted	20	<b>1.40</b>	<b>5.44</b>

The annexed notes 1 to 34 form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**

**AKIK CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Issued, subscribed and paid up capital	Unappropriated Profit	Total
	-----Rupees.-----		
Balance as on July 01, 2020	50,000,000	2,663,842	52,663,842
Total comprehensive income for the year	-	27,221,307	27,221,307
	-	27,221,307	27,221,307
<b>Balance as at June 30, 2021</b>	50,000,000	29,885,149	79,885,149
Share issued during the year	21,000,000	-	21,000,000
Total comprehensive income for the year	-	9,708,985	9,708,985
	-	9,708,985	9,708,985
<b>Balance as at June 30, 2022</b>	71,000,000	39,594,134	110,594,134

The annexed notes 1 to 34 form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**



**AKIK CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
		---(Rupees)---	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		16,968,344	37,369,174
<b>Adjustments for non-cash changes and other items:</b>			
Depreciation	4	3,846,816	665,194
Amortization	5	417,474	267,473
Unrealized gain on re-measurement of investments		(15,860,805)	(13,236,851)
		(11,596,515)	(12,304,184)
<b>Working capital changes</b>			
<b>Current assets</b>			
Trade debts - considered good		1,732,838	(5,546,293)
Advance, Deposits & Prepayments		4,778,201	(5,536,554)
		6,511,039	(11,082,847)
<b>Current liabilities</b>			
Short term loan		-	(231,135)
Trade and other payables		19,028,578	26,144,493
<b>Cash generated from operations</b>		30,911,446	39,895,501
Long term deposits		-	(213,600)
Income tax paid		(8,794,006)	(5,703,511)
<b>Net cash generated from operating activities</b>		22,117,440	33,978,389
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition in property & equipment	4	(10,735,000)	(8,645,701)
Addition in Investment Property		(1,970,800)	(13,000,000)
Addition in intangible assets		(1,200,000)	(1,070,000)
Short term investments		16,685,106	(24,561,062)
<b>Net cash generated from / (used in) investing activities</b>		2,779,306	(47,276,763)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share subscription money		-	21,000,000
<b>Net cash generated from financing activities</b>		-	21,000,000
<b>Net increase in cash and cash equivalents</b>		24,896,746	7,701,626
<b>Cash and cash equivalents at the beginning of the year</b>		8,399,727	698,101
<b>Cash and cash equivalents at the end of the year</b>	21	33,296,473	8,399,727

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director