

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

ILYAS SAEED & CO.

CHARTERED ACCOUNTANTS

A member of

mgworldwide 

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Riaz Exchange Company (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2024 and the related statement of profit or loss & other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material & 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 & 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, 2024 and of the profits, other comprehensive income, 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 of 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 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 were not provided with any other information, whatsoever, and thus, we have nothing to report in this regard.

Responsibilities Of The Management And The Board 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 the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

The 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 the users taken on the basis of the 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 the 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 the 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 & 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 Zakat & Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements for the previous period were audited by another firm of chartered accountants who expressed an un-modified opinion vide their report dated 31/08/2023.

Engagement partner on the audit resulting in this independent auditor's report is Imran Ilyas.



CHARTERED ACCOUNTANTS
ISLAMABAD: 05/09/2024
UDIN: AR202410247fdrR5Qlo



RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

ASSETS	Note	2024 Rupees	2023 Rupees
NON CURRENT ASSETS			
Property, plant & equipment	6	54,935,718	6,003,473
Intangible assets	7	532,636	1,197,576
Statutory liquidity reserve	8	81,689,373	30,499,474
Deferred taxation	9	1,233,558	1,025,758
		138,391,285	38,726,281
CURRENT ASSETS			
Advances & prepayments	10	472,602	970,141
Accrued interest	11	306,397	907,747
Advance income tax	12	15,088,558	18,506,062
Cash & bank balances	13	366,572,300	206,659,145
		382,439,857	227,043,095
TOTAL ASSETS		520,831,142	265,769,376
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	14	500,000,000	200,000,000
Unappropriated profit	SOCE	6,874,818	47,619,887
		506,874,818	247,619,887
CURRENT LIABILITIES			
Trade & other payables	15	373,030	221,700
Provision for taxation	16	13,583,294	17,927,789
		13,956,324	18,149,489
TOTAL EQUITY & LIABILITIES		520,831,142	265,769,376
Contingencies & Commitments	17	-	-

The annexed notes from (1) to (35) form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS &
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

PARTICULARS	Note	2024 Rupees	2023 Rupees
Exchange income - net	18	61,200,349	75,235,679
Administrative expenses	19	(55,555,795)	(35,029,449)
Operating profit		5,644,554	40,206,230
Other income	20	39,721,735	21,956,740
Other expenses	21	(235,864)	(1,521,394)
Profit before taxation		45,130,425	60,641,576
Taxation	22	(13,375,494)	(17,283,292)
PROFIT AFTER TAXATION		31,754,931	43,358,284
Other comprehensive income / (loss) for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		31,754,931	43,358,284
Earning per share - diluted	23	0.85	1.17

The annexed notes from (1) to (35) form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

PARTICULARS	Note	2024 Rupees	2023 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	P&L	45,130,425	60,641,576
Adjustments for non-cash items:			
Depreciation	6	3,290,000	2,969,012
Amortization	7	664,940	664,924
Interest income	20	(9,569,341)	(7,554,760)
Loss / (gain) on sale of fixed assets	20.1	1,398	(92,999)
Operating cash flow before working capital changes		39,517,422	56,627,753
Working capital changes:			
(Increase) / decrease in current assets:			
Advances & prepayments	10	497,539	(706,271)
Increase / (decrease) in current liabilities:			
Trade & other payables	15	151,330	1,100
Net changes in working capital		648,869	(705,171)
Net cash flow from operations		40,166,291	55,922,582
Taxes paid / adjusted	12	(14,510,285)	(19,061,341)
Net cash flow from operating activities		25,656,006	36,861,241
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	6	(52,298,599)	(2,217,190)
Acquisition of intangibles	7	-	-
Statutory liquidity reserve	8	(51,189,899)	23,028,745
Interest received	20	10,170,691	7,227,527
Proceeds from sale of fixed assets	20.1	74,956	92,999
Net cash flow from investing activities		(93,242,851)	28,132,081
CASH FLOW FROM FINANCING ACTIVITIES			
Share capital issued	14.3	245,000,000	-
Dividend paid	SCE	(17,500,000)	(45,000,000)
Net cash flow from financing activities		227,500,000	(45,000,000)
Net changes in cash & cash equivalents		159,913,155	19,993,322
Cash & cash equivalent at start of year		206,659,145	186,665,823
CASH & CASH EQUIVALENT AT END OF YEAR	13	366,572,300	206,659,145

The annexed notes from (1) to (35) form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

PARTICULARS	Share Capital	Unappropriated Profit	Total
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Balance as at July 01, 2022	200,000,000	49,261,603	249,261,603
Total comprehensive income for the year	-	43,358,284	43,358,284
Distribution to owners:			
Dividend paid 2023: Rs. 2.25 per share	-	(45,000,000)	(45,000,000)
Balance as at June 30, 2023	<u>200,000,000</u>	<u>47,619,887</u>	<u>247,619,887</u>
Balance as at July 01, 2023	200,000,000	47,619,887	247,619,887
Shares issued for cash	245,000,000	-	245,000,000
Total comprehensive income for the year	-	31,754,931	31,754,931
Distribution to owners:			
Bonus share (11 shares for 89 shares)	55,000,000	(55,000,000)	-
Dividend paid 2024: Rs. 0.20 per share	-	(10,000,000)	(10,000,000)
Dividend paid 2024: Rs. 0.15 per share	-	(7,500,000)	(7,500,000)
BALANCE AS AT JUNE 30, 2024	<u>500,000,000</u>	<u>6,874,818</u>	<u>506,874,818</u>

The annexed notes from (1) to (35) form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 CORPORATE & GENERAL INFORMATION

1.1 Legal status & operations

The Company is incorporated as a private limited company under the repealed Companies Ordinance, 1984, now the Companies Act, 2017, since March 17, 2004 under CUIN 0047058. The Company obtained license from the State Bank of Pakistan on July 02, 2004 to undertake the business of currency exchange under the Foreign Exchange Regulations Act, 1947.

The Company is engaged in the business of currency exchange and associated services permitted under the license in accordance with the Rules and Regulations laid down in Circular No. 9 dated July 30, 2002. The Company got renewed its licence up to December 31, 2026, during the year 2022, in accordance with Circular No. 8 dated October 03, 2016.

1.2 The geographical locations and addresses of the Company's business units is as under:

The registered office / Head Office and Main Branch of the Company is situated at 13/14, Riaz Plaza, Plot # 59-A, Bank Road, Sadar, Rawalpindi.

The Company's Islamabad Branch is situated at 5/22, Ground Floor, Beverly Centre, Blue Area, Jinnah Avenue, Islamabad.

The Company's Rawalpindi Branch is situated at Office # 2, Ground Floor, Mall Plaza, Saddar, Rawalpindi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) 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 the provisions of and / or directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and / or directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting other than the cash flow statement.



RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Company.

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 Standards, interpretations and amendments to published standards and interpretations that are not yet effective and have not been early adopted

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date
Amendments to IAS 1 'Presentation of Financial Statements' Disclosure of Accounting Policies.	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates.	January 01, 2024
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 01, 2024
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.	January 01, 2024
Certain annual improvements have also been made to a number of IFRS	

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' Non Current Liability with covenants.	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' Classification of liabilities as current or non-current.	January 01, 2024
Amendments to IFRS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	January 01, 2024
Amendments to IAS 21 'The Effects of changes in Foreign Exchange Rates - Lack of Exchangeability.	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures	January 01, 2026
Amendments to IFRS 17 'Insurance Contracts.	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' – Classification and Measurement of Financial Instruments	January 01, 2026

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Property, plant and equipment

Owned

All the Property, Plant and Equipment have been valued at cost less accumulated depreciation and accumulated impairment losses (if any). Cost includes purchase price and all incidental expenses incurred up to the date of operation. The capital work in progress is transferred to fixed assets as and when assets are available for intended use. All expenses including borrowing costs, if any, as per IAS-23, will be capitalized at the time when these assets will start commercial production.

Depreciation is charged using the reducing balance method, except for computers and vehicles which are depreciated on straight-line basis, using rates specified in relevant note. Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month the asset remains in use.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, are capitalized. Gain and losses on disposals of fixed assets are included in the statement of profit or loss.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization except assets that are not available for their intended use, which are stated at cost. Amortization is charged using the straight-line method at rates given in the relevant note to write off the historical cost of assets over their estimated useful life. Amortization on additions is charged from the month in which the asset is put to use and on disposal upto the month preceding the month of disposal.

4.3 Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount and the difference is charged to statement of profit or loss.

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4.4 Statutory liquidity reserve

Fifteen percent of the paid-up capital is to be maintained as Statutory Liquidity Reserve (SLR) with the State Bank of Pakistan in accordance with the Rules and Regulations laid down in Circular Letter No.5 of 2021, dated May 20, 2021. On the basis of this reserve, the State Bank would allow current account and Statutory General Ledger Account (SGLA) facilities to the Company.

4.5 Cash and cash equivalents

Cash in hand and at bank is carried at costs. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks. Cash and cash equivalents also include bank overdrafts / short term financing / facilities that are repayable on demand and which form an integral part of the Company's cash management.

4.6 Deposits

Deposits are initially recorded at the amount of proceed received. Mark-up on deposits is accrued on time proportion basis.

4.7 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortized cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.8 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that obligation can be measured reliably. Provision are not recognized for future operating losses. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

4.9 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has



RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.10 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

- **Revenue from contracts with customers**
- **Sale and purchase of foreign currencies**

The foreign currencies are converted at the ready rate at the time of transaction. Exchange income is calculated by applying the spot rate at each day end to the closing foreign currency balances. The difference between the value of currency in Pak Rupee and revaluation at spot rate at the day-end is recognized as exchange income/(loss).

Fee Income

Fee income includes fees collected on wire transfers and currency exchange transfers. Fee income is recognized at the time the transaction occurs on a trade basis.

Mark-up / interest income

Mark-up / interest income is accrued on time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Return on deposit

Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Divident Income

Divident Income is recognized when right to receive the dividend is established.

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Other Income

All other income is recognized on accrual basis.

4.11 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividend is approved.

4.12 Taxation

Current

Provision for current taxation is based on taxable income on current rates of taxation after taking into account the rebates and tax credits available, if any, or one percent of turnover and corporate tax as per section 113 (C), whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is computed using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates expected to be applicable during the periods of anticipated settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and that unused tax credits can be utilized.

4.13 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing on the statement of financial position date except those covered by forward exchange contracts. Exchange differences on translations during the year are taken to the statement of profit or loss. Open market exchange rates, which are determined in accordance with the rates reported by the Company, are used to convert transactions in foreign currencies.

4.14 Financial instruments

All financial assets and liabilities are recognized when the company becomes the party to the contractual provisions of the instruments. A financial asset is derecognized when the company loses control of the contractual right that comprises the financial assets or portion of financial assets, while a financial liability or part of financial liability is derecognized when the obligation specified in the contract is discharged, canceled, or expired. Any gain or loss on derecognition of the financial asset and liability is taken to the statement of profit or loss currently.



RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4.13.1 Financial instruments – initial recognition and subsequent measurement

Classification

Company classifies its financial assets in the following measurement categories:

- i) Amortized cost where the effective interest rate
- ii) fair value through profit or loss
- iii) fair value through other comprehensive income

Financial assets

The Company classifies its financial assets in the following categories

At fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.



**RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

4.13.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

4.13.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.13.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.15 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset against each other and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle them on a net basis or to realize them simultaneously.

4.16 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding Company, associated Companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions, using admissible valuation modes.

4.17 Staff retirement benefits

The Company does not operate any staff retirement benefit as the number of employees is less than 20. No gratuity is required under the law. Further, the employees has not opted for any provident fund scheme.



5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES / ASSUMPTIONS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

Useful lives, residual values and depreciation method of property, plant and equipment – Note 4.1 and 6 and Useful lives, residual values and amortization method of intangible assets – Note 4.2 and 7

Current income tax expense, provision for current tax and recognition of deferred tax asset.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

5.1 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

5.2 Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of Property and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of Property and equipment with corresponding effect on the depreciation charge and impairment loss.

5.3 Dividend

Dividend is recognized as liability in the period in which it is approved by the company management.

5.4 Offsetting

Financial assets and liabilities are set off and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

BLAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

6 PROPERTY, PLANT & EQUIPMENT

PARTICULARS	C O S T				D E P R E C I A T I O N					W.D.V. AS AT JUNE 30, 2024
	AS AT JULY 01, 2023	ADDITIONS	(DELETION)	AS AT JUNE 30, 2024	RATE	AS AT JULY 01, 2023	FOR THE YEAR	(ADJUSTMENT)	AS AT JUNE 30, 2024	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	
Land	-	42,378,000	-	42,378,000	0%	-	-	-	-	42,378,000
Building	-	7,500,000	-	7,500,000	10%	-	375,000	-	375,000	7,125,000
Furniture & fixture	1,056,865	86,600	-	1,143,465	10%	776,341	30,222	-	806,563	336,902
Vehicles	16,334,285	-	-	16,334,285	20%	11,527,941	2,368,755	-	13,896,696	2,437,589
Motor cycle	248,060	162,200	-	410,260	20%	35,016	55,021	-	90,037	320,223
Office equipment	2,708,100	1,351,615	(8,000)	4,051,715	20%	2,045,838	285,189	(6,602)	2,324,425	1,727,290
Computers	976,556	820,184	(79,365)	1,717,375	33%	935,257	175,813	(4,409)	1,106,661	610,714
TOTAL, 30-06-2024	21,323,866	52,298,599	(87,365)	73,535,100		15,320,393	3,290,000	(11,011)	18,599,382	54,935,718

6.1 Property, plant & equipment - Comparative

PARTICULARS	C O S T				D E P R E C I A T I O N						W.D.V.
	AS AT	ADDITIONS	(DELETION)	AS AT	RATE	AS AT	FOR THE	(ADJUSTMENT)	AS AT	AS AT	
	JULY 01, 2022			JUNE 30, 2024	%	JULY 01, 2022	YEAR		JUNE 30, 2024	JUNE 30, 2024	
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees	
Furniture & fixture	1,056,865	-	-	1,056,865	10%	745,177	31,164	-	776,341	280,524	
Vehicles	14,479,555	1,854,730	-	16,334,285	20%	8,851,220	2,676,721	-	11,527,941	4,806,344	
Motor cycle	133,500	248,060	(133,500)	248,060	20%	133,500	35,016	(133,500)	35,016	213,044	
Office equipment	2,593,700	114,400	-	2,708,100	20%	1,903,321	142,517	-	2,045,838	662,262	
Computers	976,556	-	-	976,556	33%	851,663	83,594	-	935,257	41,299	
TOTAL 30-06-2023	19,240,176	2,217,190	(133,500)	21,323,866		12,484,881	2,969,012	(133,500)	15,320,393	6,003,473	

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BLAZ EXCHANGE COMPANY (PRIVATE) LIMITED
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FOR THE YEAR ENDED JUNE 30, 2024

6.2 During the year, the Company purchased an Office at Beverly Center from its director, a related party. This property was rented to the Company till December 2024. The purchase consideration has been bifurcated into land and building, as per the purchase agreement.

7 INTANGIBLE ASSETS

PARTICULARS	C O S T				A M O R T I Z A T I O N				W.D.V. AS AT JUNE 30, 2024
	AS AT JULY 01, 2023 Rupees	ADDITIONS Rupees	(DELETION) Rupees	AS AT JUNE 30, 2024 Rupees	RATE %	AS AT JULY 01, 2023 Rupees	FOR THE YEAR Rupees	(ADJUSTMENT) Rupees	AS AT JUNE 30, 2024 Rupees
Software	1,694,966	-	-	1,694,966	33%	847,390	564,940	-	1,412,330
License renewal fee	500,000	-	-	500,000	20%	150,000	100,000	-	250,000
Web development	54,000	-	(54,000)	-	33%	54,000	-	(54,000)	-
TOTAL 30-06-2024	2,248,966	-	(54,000)	2,194,966		1,051,390	664,940	(54,000)	1,662,330
									532,636

7.1 Intangible assets - Comparative

PARTICULARS	C O S T				A M O R T I Z A T I O N				W.D.V. AS AT JUNE 30, 2024
	AS AT JULY 01, 2023 Rupees	ADDITIONS Rupees	(DELETION) Rupees	AS AT JUNE 30, 2024 Rupees	RATE %	AS AT JULY 01, 2023 Rupees	FOR THE YEAR Rupees	(ADJUSTMENT) Rupees	AS AT JUNE 30, 2024 Rupees
Software	1,694,966	-	-	1,694,966	33%	282,466	564,924	-	847,390
License renewal fee	500,000	-	-	500,000	20%	50,000	100,000	-	150,000
Web development	54,000	-	-	54,000	33%	54,000	-	-	54,000
TOTAL 30-06-2023	2,248,966	-	-	2,248,966		386,466	664,924	-	1,051,390
									1,197,576

7.2 The license renewal fee was paid for a period of five years from January 01, 2022 to December 31, 2026 in accordance with Circular No. 8 issued by the State Bank of Pakistan on October 03, 2016. The same was capitalized as it will benefit the Company for next five years.

7.3 The web development cost was fully amortized during the previous year. The same is being written off during the year.



RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
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		2024 Rupees	2023 Rupees
8 STATUTORY LIQUIDITY RESERVE			
SLR current account		384,656	834,396
SLR subsidiary general ledger account	8.2	81,304,717	29,665,078
		<u>81,689,373</u>	<u>30,499,474</u>

8.1 For carrying on the business of currency exchange, the Company is required to maintain a reserve equal to 15% (2023: 15%) of the issued share capital including the share capital of franchises, if any, with the SBP in the form of "Unencumbered Approved Government Securities" under the rules and regulations of Exchange Policy Department.

8.2 This represents investment in market treasury bills carrying markup of 19.65% to 22.40% per annum (2023: 14% to 22% per annum).

9 DEFERRED TAXATION

Deferred tax asset	9.1	1,233,558	1,025,758
		<u>1,233,558</u>	<u>1,025,758</u>

9.1 The balance of deferred tax asset is in respect of the following temporary differences:

Accelerated depreciation	1,233,558	1,025,758
	<u>1,233,558</u>	<u>1,025,758</u>
Tax rate used	29%	29%
	<u>29%</u>	<u>29%</u>

9.2 Movement in deferred tax asset

Deferred tax asset at start of the year	1,025,758	599,209
Deferred tax charged for the period	207,800	426,549
	<u>1,233,558</u>	<u>1,025,758</u>

9.3 Deferred tax asset has been recognized to the extent that probable future taxable profits will be available against which the deductible temporary differences and tax credits can be utilized.

10 ADVANCES & PREPAYMENTS - Unsecured

Advances		-	611,863
Prepayments:			
Insurance	10.1	37,272	56,788
Fuel	10.2	165,719	135,085
Security alarm	10.3	79,161	68,084
Legal advisor	10.4	45,000	45,000
Software maintenance	10.5	133,899	44,290
Web hosting	10.6	11,551	9,031
		<u>472,602</u>	<u>970,141</u>

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RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Note	Rupees	Rupees

- 10.1 Prepaid insurance includes the payment made to United Insurance Company of Pakistan Limited for one car and two motorcycles.
- 10.2 This represents the balance of advance recharged on the fuel cards.
- 10.3 This represents prepayment to the security company for security services.
- 10.4 This represents prepaid amount on account of legal services.
- 10.5 This represents advance payment made to Wallsoft Technologies for software maintenance services covering all branches and the head office.
- 10.6 This represents prepaid amount to Nayatel for web hosting services.

11 ACCRUED INTEREST

Interest on T. Bills	8.2	306,397	907,747
		<u>306,397</u>	<u>907,747</u>

12 ADVANCE INCOME TAX

Opening balance receivable / (payable)		18,506,062	(773,227)
Tax paid with return		142,085	-
Tax withheld / deducted		14,368,200	19,279,289
		33,016,347	18,506,062
Less: Adjusted against provision for taxation	16	(17,927,789)	-
		<u>15,088,558</u>	<u>18,506,062</u>

13 CASH & BANK BALANCES

Cash in hand:			
Local currency		15,655,532	16,146,479
Foreign currency		90,736,135	58,741,690
		106,391,667	74,888,169
Cash at bank - current accounts:			
Local currency		151,223,529	61,925,654
Foreign currency		98,888,785	25,398,555
		250,112,314	87,324,209
Cash at bank - saving accounts	13.1		
Local currency		9,835,998	44,161,079
Foreign currency		232,321	285,688
		10,068,319	44,446,767
		<u>366,572,300</u>	<u>206,659,145</u>

- 13.1 Saving accounts carry interest rate of 19.5% to 20.5% (2023: 12.5% to 19.5%) per annum.

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Note</u>	<u>2024 Rupees</u>	<u>2023 Rupees</u>
14 SHARE CAPITAL			
14.1 Authorized share capital			
50,000,000 (2023: 20,000,000) ordinary shares of Rs.10/- each.		<u>500,000,000</u>	<u>200,000,000</u>
		<u>500,000,000</u>	<u>200,000,000</u>
14.2 Issued, subscribed & paid up capital			
50,000,000 (2023: 20,000,000) ordinary shares of Rs.10/- each.	14.3	<u>500,000,000</u>	<u>200,000,000</u>
		<u>500,000,000</u>	<u>200,000,000</u>
14.3 Movement in paid up share capital			
Share capital at start of the year		200,000,000	200,000,000
Share capital issued against cash	14.4	245,000,000	-
Share capital issued as bonus	14.5	55,000,000	-
Share capital at end of the year		<u>500,000,000</u>	<u>200,000,000</u>
14.4 During the year, the members deposited cash in order to increase the paid up capital of the Company in proportion to the shares held by each member.			
Mr. Junaid Riaz - 33%		80,850,000	-
Mr. Nazim Riaz - 33%		80,850,000	-
Mr. Waqas Riaz - 34%		83,300,000	-
		<u>245,000,000</u>	<u>-</u>
14.5 During the year, on November 21, 2023, the Company issued bonus shares to the members in proportion to the shares held by each member. Eleven (11) bonus shares were issued against every Eightynine (89) shares held by each member.			
15 TRADE & OTHER PAYABLES			
Auditors' remuneration payable		362,250	215,000
Accrued expenses		10,780	6,700
		<u>373,030</u>	<u>221,700</u>
16 PROVISION FOR TAXATION			
Opening balance		17,927,789	-
Add: Provision for taxation - current year	22	13,583,294	17,927,789
Less: Adjusted against advance income tax	12	(17,927,789)	-
		<u>13,583,294</u>	<u>17,927,789</u>

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17 CONTINGENCIES & COMMITMENTS

17.1 Contingencies

- i) The Company is involved in litigation regarding compulsory registration under the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 with effect from January 03, 2022. As of the reporting date, the matter is still under litigation and pending adjudication before the Appellate Tribunal Inland Revenue, Islamabad. The outcome of the Appeal against compulsory registration remains uncertain. In the opinion of the Company's tax consultants, the Appeal will be successful and the case will be resolved in favor of the Company. Based on this assessment, no provision for sales tax on services has been made in these financial statements.
- ii) Sales tax proceedings for the period from July 2019 to June 2020 have led to a demand of Rs. 2,784,734/- excluding default surcharge and penalties, not yet quantified. Against this demand, an appeal is pending before the Commissioner Inland Revenue (Appeals - IV), Islamabad. Sales tax proceedings for the period July 2020 to June 2024 have not yet been initiated and the exact amount of the sales tax liability including default surcharge and penalties has not yet been quantified and conveyed by the department. The outcome of the Appeal remains uncertain. In the opinion of the Company's tax consultants, the Appeal will be successful and the case will be resolved in favor of the Company. Based on this assessment, no provision for sales tax on services has been made in these financial statements as opined by the tax consultants of the Company.
- iii) The Company is currently undergoing registration process under the Punjab Sales Tax on Services Act, 2012. A show cause notice has been issued for the recovery of Punjab Sales Tax on Services for the period from July 2015 to June 2022. The Notice is still under review and has not yet been finalized. The Company's tax consultant believes that the services rendered after the registration date will be subject to sales tax including potential default surcharge and penalties. However, since the outcome of the show cause notice is pending and the exact amount of liability is not yet quantified thus, no provision has been made in the financial statements as at the reporting date.
- iv) Refund claims for tax years 2014, 2015 and 2017 amounting to Rs. 662,601/- were initially rejected by the Department but are being re-processed following successful appeals. The Deputy Commissioner Inland Revenue is re-processing these claims. The Company's tax consultant expects the refunds to be approved based on the success of the appeals.
- v) The refund adjustment claim for the tax year 2016 originally resulting in a demand of Rs. 254,021/- has been annulled following a successful appeal. The claim will be re-examined in light of the annulment. Refund adjustment proceedings for tax year 2018 amounting to Rs. 408,580/- are pending and have not yet been finalized. No provision has been made for these amounts as the outcome of the proceedings for tax year 2018 remain uncertain and the demand for tax year 2016 has been annulled. The nature and status of these adjustments are disclosed for informational purposes.

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
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	2024	2023
Note	Rupees	Rupees

- vi) Proceedings have not been finalized under Section 161 of the Income Tax Ordinance, 2001 for the tax years 2021, 2022 and 2023. These proceedings pertain to potential marginal demands arising from defaults in tax deductions at source.

17.2 Commitments

There was no commitment as at June 30, 2024 (2023: nil).

18 INCOME

Exchange income - net	18.1	61,200,349	75,235,679
		<u>61,200,349</u>	<u>75,235,679</u>

- 18.1 Exchange income consists of exchange gains from the three branches and exchange losses from the head office.

19 ADMINISTRATIVE EXPENSES

Salaries & allowances		10,592,864	7,594,061
Directors' remuneration	24	16,560,000	10,080,000
Staff training		73,500	-
Rent, rates & taxes		9,928,648	7,475,565
Legal & professional charges	19.1	2,322,500	60,000
Security expenses		661,810	482,450
Repair & maintenance		2,573,009	1,042,972
Utilities expenses		1,034,304	657,325
Fee & subscription		229,920	2,691
Software maintenance		591,781	441,562
Postage, telephone & telegraph		657,736	219,939
Petrol, oil & lubricants		3,228,566	2,249,069
Depreciation	6	3,290,000	2,969,012
Amortization	7	664,940	664,924
SBP Penalties	19.2	996,000	-
Auditors' remuneration	19.3	362,250	266,500
Printing & stationary		305,444	234,401
Traveling & conveyance		6,890	44,310
NADRA biometric verification		675,092	70,000
Insurance		64,415	205,930
Entertainment		242,881	123,530
Web hosting cost		19,268	15,504
Miscellaneous		473,977	129,704
		<u>55,555,795</u>	<u>35,029,449</u>

- 19.1 This amount represents the SECP fee of Rs. 2.1 million and the auditor's certification fee of Rs.162,500/- for increasing the capital from Rs. 200 million to Rs. 500 million.

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	2024	2023
<u>Note</u>	<u>Rupees</u>	<u>Rupees</u>

19.2 This represents penalties imposed by State Bank of Pakistan in December & March 2024 (vide letter No. BSD-3/EC/RZEC/6733371/2024), under section 23K of Foreign Exchange Regulations Act 1947 on account of non compliance with regulatory instructions of the Foreign Exchange Regulations Act, 1947.

19.3 Auditor's remuneration

Statutory audit	315,000	224,500
Fee for tax services	-	42,000
Sales tax	47,250	-
	<u>362,250</u>	<u>266,500</u>

20 OTHER INCOME

Income from financial assets:			
Interest on bank deposits	13.1	30,153,792	14,308,981
Interest on treasury bills	8.2	9,569,341	7,554,760
		39,723,133	21,863,741
Income from non financial assets	20.1	(1,398)	92,999
		39,721,735	21,956,740

20.1 Income from non financial assets

Proceeds from disposal	74,956	92,999
Written down value:		
Cost	87,365	133,500
Accumulated depreciation	(11,011)	(133,500)
	76,354	-
(Loss) / Gain	<u>(1,398)</u>	<u>92,999</u>

21 FINANCE COST

Bank charges	235,864	1,521,394
	<u>235,864</u>	<u>1,521,394</u>

22 TAXATION

For the year		13,583,294	17,927,789
Prior years		-	(217,948)
		13,583,294	17,709,841
Deferred tax	9.2	(207,800)	(426,549)
		13,375,494	17,283,292

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	<u>Note</u>	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
22.1 Reconciliation between tax expense and accounting profit:			
Profit before tax		<u>45,130,425</u>	<u>60,641,576</u>
Tax at the applicable tax rate of 29%		<u>13,087,823</u>	<u>17,586,057</u>
Deferred tax effect		<u>(207,800)</u>	<u>(426,549)</u>
Admissible deductions		<u>1,436,178</u>	<u>1,026,872</u>
Inadmissible deductions		<u>(940,707)</u>	<u>(685,140)</u>
Tax charge for the year		<u>-</u>	<u>(217,948)</u>
		<u><u>13,375,494</u></u>	<u><u>17,283,292</u></u>

23 EARNING PER SHARE - BASIC & DILUTED

Basic earning per share

Profit after tax attributable to ordinary shareholders	<u>31,754,931</u>	<u>43,358,284</u>
Number of shares	<u>50,000,000</u>	<u>20,000,000</u>
Earnings per share - basic	<u><u>0.64</u></u>	<u><u>2.17</u></u>

Diluted earning per share

Diluted earning per share has been presented as the Company issued shares during the year.

Profit after tax attributable to ordinary shareholders	<u>31,754,931</u>	<u>43,358,284</u>
Number of shares	<u>37,164,505</u>	<u>37,164,505</u>
Earnings per share - diluted	<u><u>0.85</u></u>	<u><u>1.17</u></u>

24 REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

The aggregate amount charged in these financial statements in respect of managerial remuneration of the Chief Executive Officer and Directors is as follows:

Chief Executive (Number of person: 01)	<u>4,140,000</u>	<u>2,520,000</u>
Directors (Number of persons: 03)	<u>12,420,000</u>	<u>7,560,000</u>
	<u><u>16,560,000</u></u>	<u><u>10,080,000</u></u>

In addition to the above, the Chief Executive and the Directors have also been provided with Company maintained vehicles.

25 CASH & CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:

Cash & bank balances	13	<u>366,572,300</u>	<u>206,659,145</u>
		<u><u>366,572,300</u></u>	<u><u>206,659,145</u></u>

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RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

26 FINANCIAL INSTRUMENTS & RELATED DISCLOSURES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

2024	Interest / mark up bearing			Not interest / mark up bearing	Total
	Maturity upto one year	Maturity after one year	Sub-total		
	-----Rupees-----				
Financial assets carried at amortized cost					
Statutory liquidity reserve	-	81,304,717	81,304,717	384,656	81,689,373
Interest accrued	306,397	-	306,397	-	306,397
Cash & bank balances	10,068,319	-	10,068,319	356,503,981	366,572,300
	10,374,716	81,304,717	91,679,433	356,888,637	448,568,070
Financial liabilities carried at amortized cost					
Trade & other payables	-	-	-	373,030	373,030
Total gap	10,374,716	81,304,717	91,679,433	356,515,607	448,195,040
2023	Interest / mark up bearing			Not interest / mark up bearing	Total
	Maturity upto one year	Maturity after one year	Sub-total		
	-----Rupees-----				
Financial assets carried at amortized cost					
Statutory liquidity reserve	-	29,665,078	29,665,078	834,396	30,499,474
Interest accrued	907,747	-	907,747	-	907,747
Cash & bank balances	44,446,767	-	44,446,767	162,212,378	206,659,145
	45,354,514	29,665,078	75,019,592	163,046,774	238,066,366
Financial liabilities carried at amortized cost					
Trade & other payables	-	-	-	221,700	221,700
Total gap	45,354,514	29,665,078	75,019,592	162,825,074	237,844,666

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27 FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

27.1 Risk management policies

The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The process of risk management is critical to the Company meeting its objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and currency risk) arising from the financial instruments it holds.

27.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

Exposure to credit risk

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

	2024 <u>Rupees</u>	2023 <u>Rupees</u>
Statutory liquidity reserve	81,689,373	30,499,474
Interest accrued	306,397	907,747
Bank balances	<u>260,180,633</u>	<u>131,770,976</u>
	<u><u>342,176,403</u></u>	<u><u>163,178,197</u></u>

To manage the exposure to the credit risk in respect of financial assets, the management performs credit reviews taking into account the third party's financial position, past experience and other factors.

The exposure to banks is managed by dealing with a variety of reputable banks and monitoring exposure limits on a continuous basis.

Concentration of credit risk

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

RIAZ EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

27.3 Impaired assets

During the year no financial assets have been impaired.

27.4 Liquidity risk

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

	Carrying Amount	Contractual Cash Flows	Six months or less
	-----Rupees-----		
June 30, 2024			
Trade & other payables	373,030	373,030	373,030
June 30, 2023			
Trade & other payables	221,700	221,700	221,700

27.5 Market risk

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

a) Currency risk

Currency risk is the risk that the value of the financial assets will fluctuate due to changes in foreign exchange rates. Currency risk of the Company's financial assets can be evaluated from the following schedule:

Name of Currency	2024		2023	
	Spot rates	Rupees	Spot rates	Rupees
Cash in hand:				
US Dollar	278.74	42,686,522	288.00	19,730,592
Great Britain Pound Sterling	348.36	2,388,008	356.00	1,343,900
Euro	294.76	1,575,492	306.00	8,428,770
Japanese Yen	1.71	890,910	1.90	919,600
U.A.E Dirham	75.24	12,955,199	77.50	6,037,250
Saudi Riyal	73.35	23,899,704	74.80	17,131,968
Australian Dollar	180.00	1,453,500	187.00	568,480
Canadian Dollar	201.00	552,750	212.00	792,880

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	2024		2023	
	Spot rates	Rupees	Spot rates	Rupees
Cash in hand:				
Chinese Yuan	38.00	1,178,874	41.00	1,415,976
Qatari Riyal	73.80	503,390	75.00	80,250
Thailand Bhatt	7.50	1,008,525	8.50	8,330
Singapore Dollar	-	-	205.00	246,000
Turkish Lira	9.00	156,690	14.20	476,552
Omani Riyal	715.00	392,893	740.00	458,800
Kuwaiti Dinar	887.00	700,730	916.50	100,815
Swiss Franc	305.00	228,750	310.50	419,175
Bahraini Dinar	729.00	32,805	740.00	249,380
Malaysian Ringgits	58.00	86,768	61.00	288,347
Norwegian Krona	25.50	44,625	25.50	44,625
		<u>90,736,135</u>		<u>58,741,690</u>

	2024		2023	
	Spot rates	Rupees	Spot rates	Rupees
Cash at bank:				
US Dollar	278.74	53,350,566	288.00	12,213,203
Great Britain Pound Sterling	348.36	15,333,867	356.00	5,548,602
Euro	294.76	30,436,673	306.00	7,922,438
		<u>99,121,105</u>		<u>25,684,243</u>

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from borrowings and investments. At the statement of financial position date, the interest rate profile of the Company's interest bearing financial instruments is:

	2024	2023	2024	2023
	Rates		Carrying amount	
	-----In Percent-----		-----Rupees-----	
Financial assets				
Statutory liquidity reserve	19.65 to 22.4	14 to 22	81,304,717	29,665,078
Bank deposits	20.5 to 19.5	12.25 to 19.5	10,068,319	44,446,767

- c) The Company is not materially exposed to either the currency risk or the interest rate risk. The change of 1% shall result in an adjustment of Rs. 2,812,303/- (2023: Rs. 1,585,378) in profits.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data i.e. unadjusted inputs.
- Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.
- As of the reporting date, none of the financial instruments of the Company are carried at fair value. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

29 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of local related parties, directors and key management personnel. Amounts due to / due from related parties and remuneration to key management personnel are disclosed in relevant notes to the financial statements. Transactions with related parties other than those disclosed in relevant notes to the financial statements are:

Name of the Related Party	Relationship	Transactions during year	2024 <u>Rupees</u>	2023 <u>Rupees</u>
Waqas Riaz	Director	Rent of Isd. branch office	3,282,000	3,240,000
Waqas Riaz	Director	Purchase of Office / Shop	47,500,000	-
Junaid Riaz	Director	Rent of Rwp. branch office	2,622,000	2,040,000
Nazim Riaz	Director	Rent of Rwp. Head office.	2,622,000	2,040,000

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30 NUMBER OF EMPLOYEES

Total number of employees at year end	<u>17</u>	<u>10</u>
Average number of employees during the year	<u>14</u>	<u>10</u>

31 EVENTS AFTER THE REPORTING DATE

The Company assessed all events after the reporting period, both favourable and unfavourable, that occurred between the end of the reporting period and the date when the financial statements were authorised for issue. No such event took place which could have an impact of material nature resulting in the amendment of these financial statements.

32 SUMMARY OF SIGNIFICANT TRANSACTIONS & EVENTS

All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements. There were no significant transactions / events except increase in share capital of the Company.

33 CORRESPONDING FIGURES

Corresponding figures are rearranged and / or reclassified, wherever necessary, for the purpose of better comparison and for better presentation. However, no significant reclassification has been made during the year.

34 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board on 05/09/2024.

35 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR