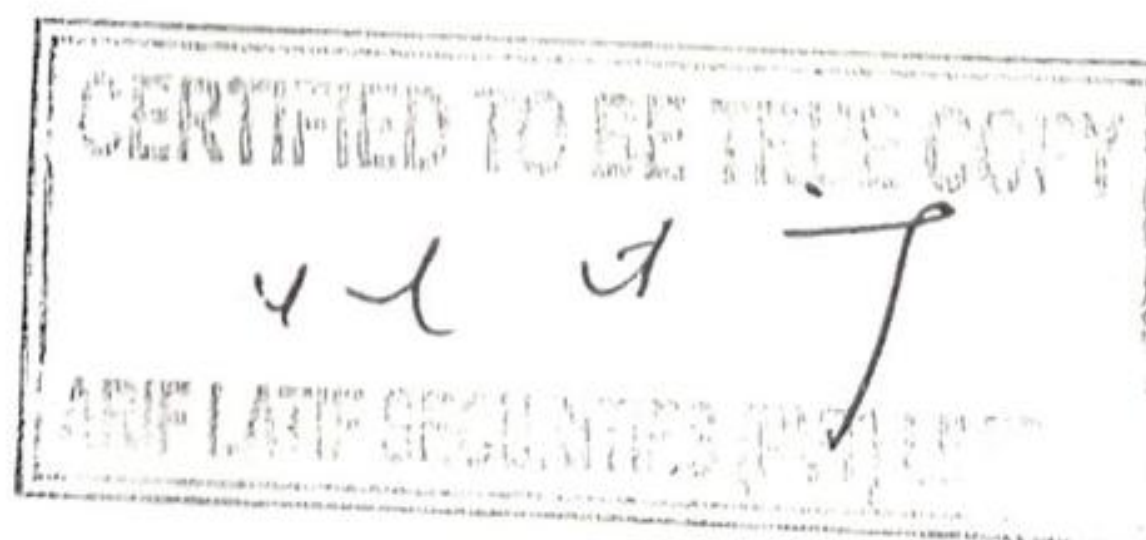


ARIF LATIF SECURITIES (PRIVATE) LIMITED

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

ILYAS SAEED & CO.
CHARTERED ACCOUNTANTS
A member of
mgiworldwide

A - 4, Sea Breeze Homes, Sher Shah Block, New Garden Town, Lahore.
PH: (+92) 042 - 35868849 & 042 - 35861852, FAX: (+92) 042 - 35856145



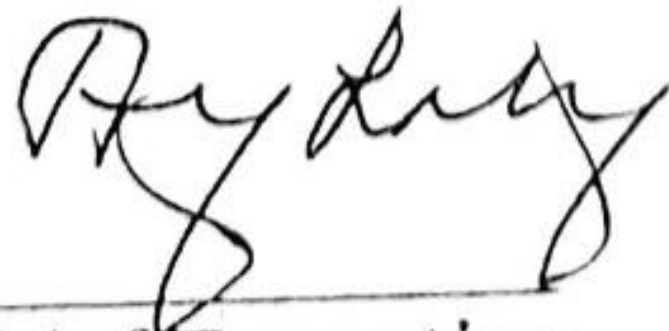
Arif Latif Securities (Pvt.) Ltd.

Corporate TREC Holder Pakistan Stock Exchange Ltd. TREC # 232
DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report along with Company's audited accounts for the financial year ended June 30, 2022 and Auditors' Report thereon.

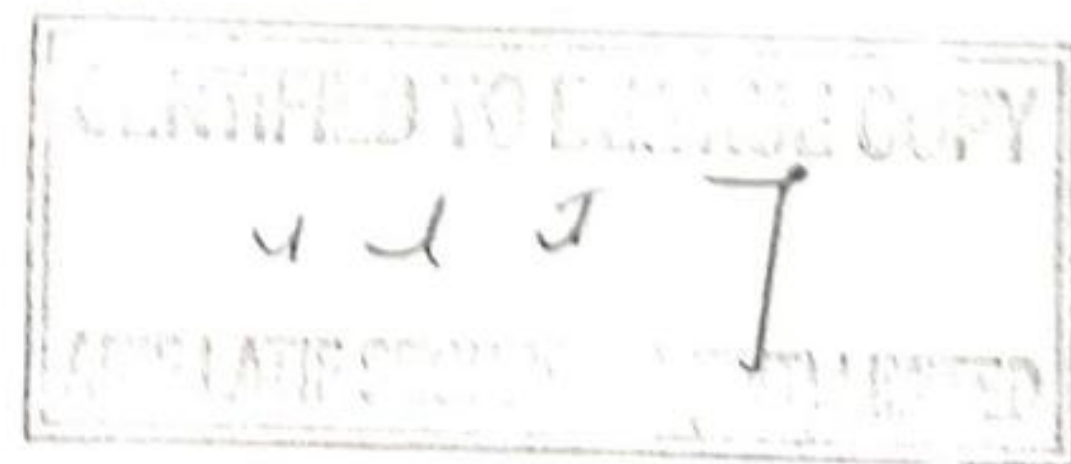
The company is only providing brokerage services for sale and purchase of shares traded through Pakistan Stock Exchange Ltd. This company has also made some investment of its funds in listed securities, associated undertaking and investment in LSE Financial Services Ltd. (formerly LSE).

Brokerage Income during the year is arrived at Rs. 3,327,073/= only whereas Company's financials are supported by profit on fair valuation of the securities, capital gains and dividend income on short term investments. Company has posted profits after tax at Rs.4,598,788/=(without incorporating fair value gain on revolution) after all adjustments as compared to profit of Rs. 2,348,804/= in the financial year,2021.



Chief Executive

Lahore.
Date: September 30, 2022


Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARIF LATIF SECURITIES (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Arif Latif Securities (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2022 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 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, 2022 and of the profit, other comprehensive income, changes in equity and its' cash flows for the year then ended.

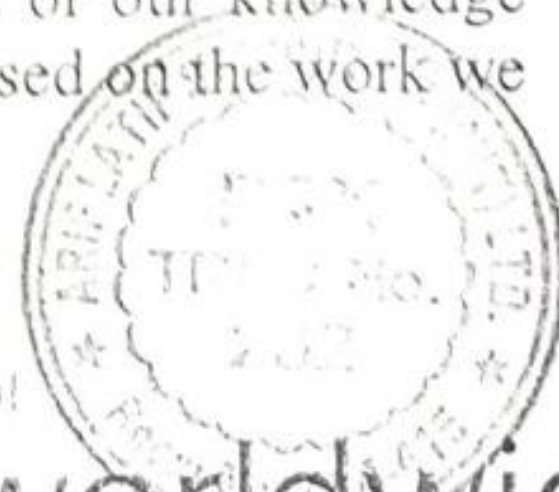
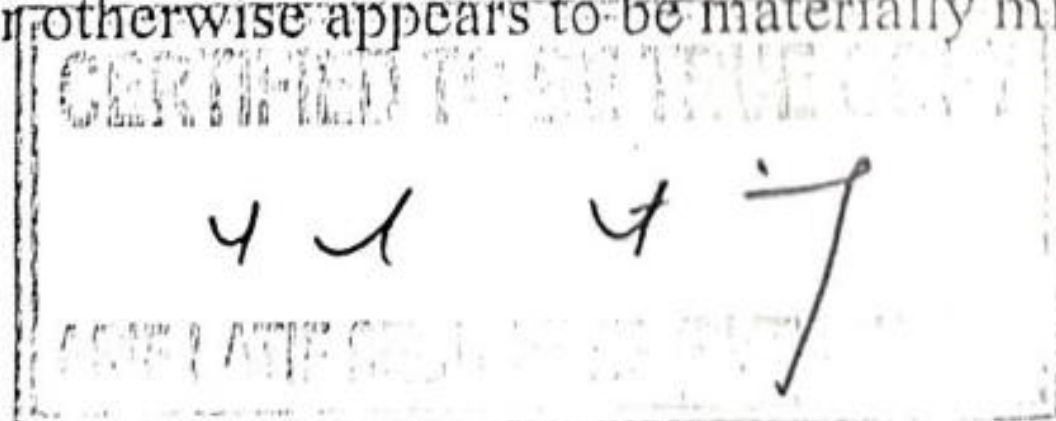
Basis For Opinion

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



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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.

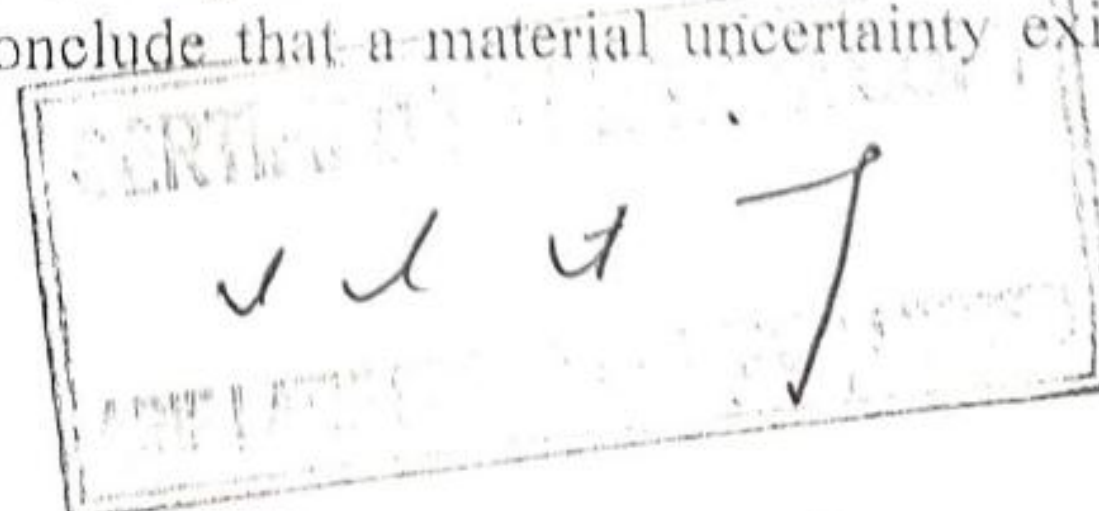
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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:

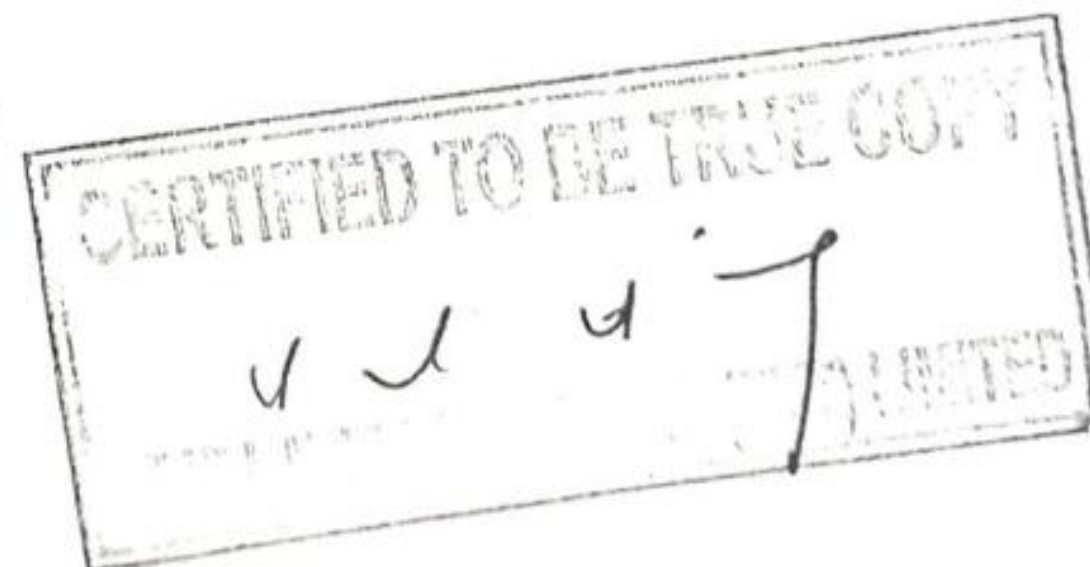
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss & other comprehensive income, the statement of changes in equity and the statement of cash flows together with the 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;
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) The Company was in compliance with the requirements of Section 78 of the Securities Act, 2015 and Section 62 of the Futures Market Act, 2016 and the requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date of the statement of financial position, wherever and whenever applicable.

Other Matter

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

Ilyas Saeed & Co.

CHARTERED ACCOUNTANTS
LAHORE: 30/09/2022
UDIN: AR202210247VxFJkf640



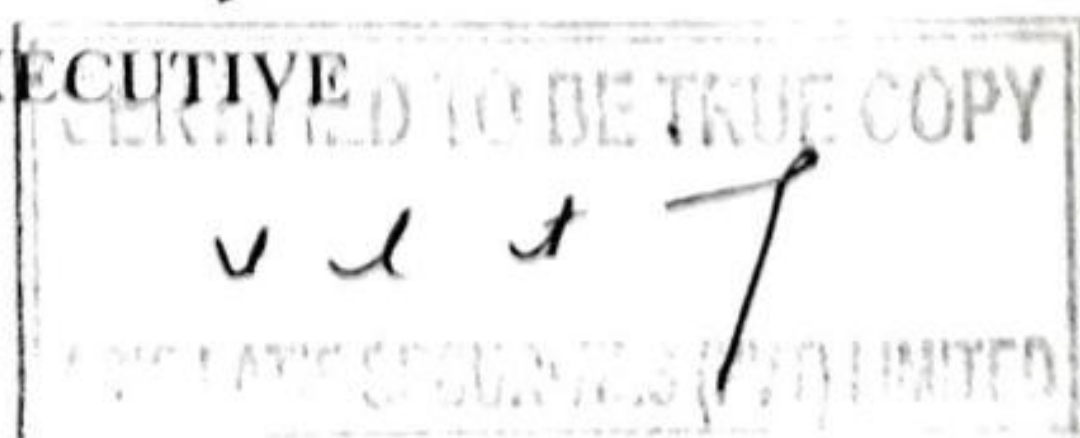
ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

ASSETS	NOTE	2022 RUPEES	2021 RUPEES
NON-CURRENT ASSETS			
Property and equipment	4	4,078,549	3,209,317
Intangible	5	3,000,000	3,000,000
Long-term investments	6	20,533,912	19,673,058
Long-term deposits and prepayments	7	1,500,000	1,500,000
		29,112,461	27,382,375
CURRENT ASSETS			
Trade debts - considered good	8	6,236,257	18,258,085
Short term deposits	9	8,000,000	8,000,000
Short term investments	10	31,261,260	2,316,000
Taxation-net	16	997,363	2,311,214
Cash and bank balances	11	56,657,775	127,963,107
		103,152,655	158,848,406
TOTAL ASSETS		132,265,116	186,230,781
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	75,000,000	55,000,000
Unappropriated profit	SOCE	15,734,656	11,135,868
		90,734,656	66,135,868
Revaluation reserves	13	20,534,302	19,675,447
		111,268,958	85,809,315
NON-CURRENT LIABILITIES			
Deferred taxation	14	161,307	82,081
CURRENT LIABILITIES			
Trade and other payables	15	20,834,851	100,339,385
CONTINGENCIES AND COMMITMENTS			
	17		
TOTAL EQUITY AND LIABILITIES		132,265,116	186,230,781

The annexed notes 1 to 33 form an integral part of these financial statements.

Arif Latif

CHIEF EXECUTIVE



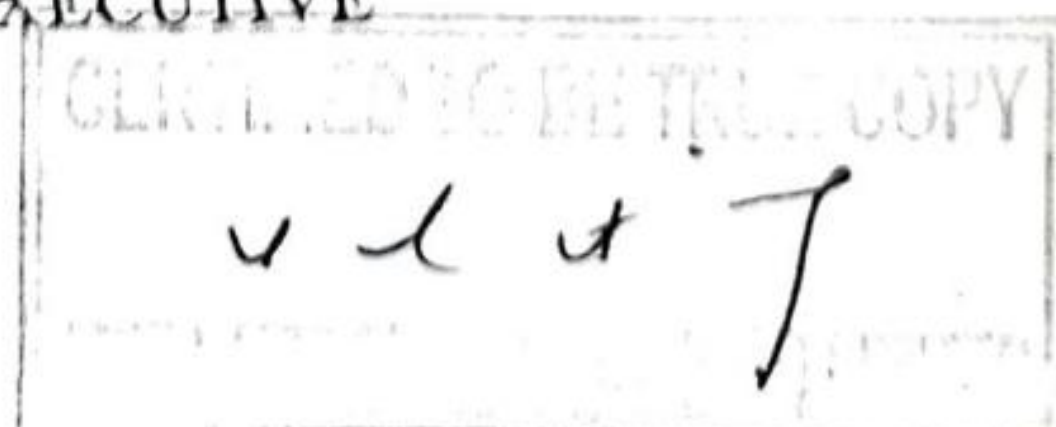
DIRECTOR

**ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
& OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

PARTICULARS	NOTE	2022 RUPEES	2021 RUPEES
REVENUE			
Dividend income	18	4,179,080	915,783
Brokerage income - net	19	3,327,073	6,369,352
		7,506,153	7,285,135
EXPENSES			
Administrative and general expenses	19	(14,253,828)	(11,597,067)
Operating loss		(6,747,675)	(4,311,932)
Financial charges	20	(20,536)	(23,016)
Other income	21	13,969,431	7,186,756
Gain on remeasurement of investments		323,033	-
Profit before taxation		7,524,253	2,851,808
Provision for taxation	22	(2,925,465)	(503,787)
Profit after taxation		4,598,788	2,348,021
Other comprehensive income			
Items that may be reclassified to profit and loss account subsequently			
Fair value gain on remeasurement of long term	13	860,855	590,783
Items that may not be reclassified to profit and loss account subsequently			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,459,643	2,938,804
Basic earning per share	23	0.67	0.54

The annexed notes 1 to 33 form an integral part of these financial statements.

Arif Latif
CHIEF EXECUTIVE



Arif Latif
DIRECTOR

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

PARTICULARS	NOTE	2022 RUPEES	2021 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		7,524,253	2,851,808
Adjustment for non cash items:			
Dividend income		(4,179,080)	(915,783)
Gain on disposal of investment		(6,259,300)	-
Financial charges		20,536	23,016
Depreciation for the year		704,969	150,622
Cash flow before working capital changes		(2,188,622)	2,109,663
Changes in working capital:			
(Increase)/ decrease in current assets			
Trade debts - considered good		12,021,828	(16,966,398)
Short term deposits		-	(4,000,000)
Increase / (decrease) in current liabilities			
Trade and other payables		(79,504,534)	10,879,491
Net working capital changes		(67,482,706)	(10,086,907)
Income tax paid		(1,532,388)	(1,148,739)
Finance charges paid		(20,536)	(23,016)
Total payments made		(1,552,924)	(1,171,755)
Net cash (outflow) from operating activities		(71,224,252)	(9,148,999)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(1,574,200)	(2,930,000)
Purchase of investments		(31,261,260)	16,931,120
Disposal of Investment		8,575,300	-
Dividend income		4,179,080	915,783
Net cash (outflow) / inflow from investing activities		(20,081,080)	14,916,903
CASH FLOWS FROM FINANCING ACTIVITIES			
Directors' Loan		-	(4,461,699)
Issuance of shares		20,000,000	20,000,000
Net cash inflow from financing activities		20,000,000	15,538,301
Net (decrease) / increase in cash & cash equivalents		(71,305,332)	21,306,205
Cash & cash equivalents at start of the year		127,963,107	106,656,901
CASH & CASH EQUIVALENTS AT END OF YEAR		56,657,775	127,963,107

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

Particulars	Share capital RUPEES	Unappropriated profit RUPEES	Revaluation reserves RUPEES	Directors' loan RUPEES	Total RUPEES
Balance as at June 30, 2020	35,000,000	8,787,847	19,082,664	4,461,699	67,332,210
Total comprehensive income for the year	-	2,348,021	-	-	2,348,021
Issue of share capital	20,000,000	-	-	-	20,000,000
Repayment of loan	-	-	-	(4,461,699)	(4,461,699)
Revaluation surplus	-	-	590,783	-	590,783
Balance as at June 30, 2021	55,000,000	11,135,868	19,673,447	-	85,809,315
Total comprehensive income for the year	-	4,598,788	-	-	4,598,788
Issue of share capital	20,000,000	-	-	-	20,000,000
Repayment of loan	-	-	-	-	-
Revaluation surplus	-	-	860,855	-	860,855
Balance as at June 30, 2022	75,000,000	15,734,656	20,534,302	-	111,268,958

The annexed notes 1 to 33 form an integral part of these financial statements.

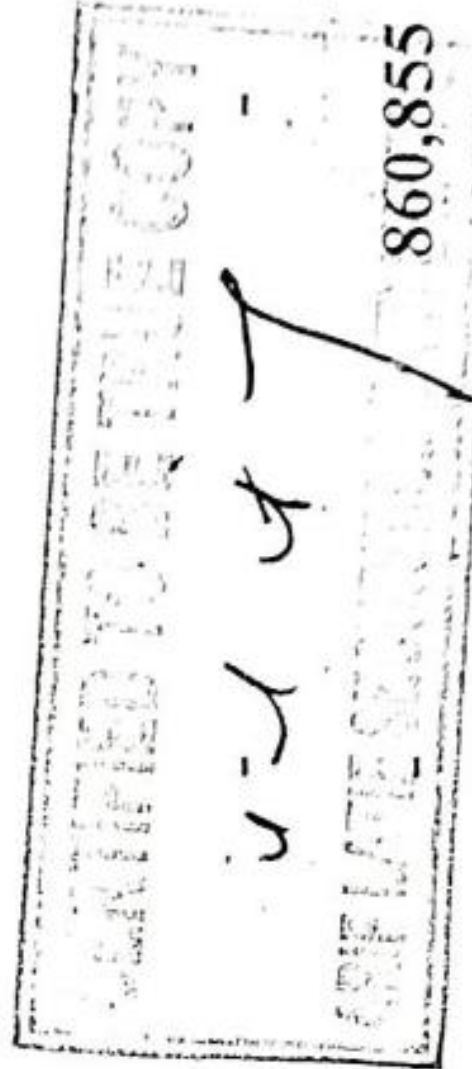
Arif Latif
CHIEF EXECUTIVE



Arif Latif



DIRECTOR



ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 CORPORATE AND GENERAL INFORMATION

1.1 LEGAL STATUS AND OPERATIONS

Arif Latif Securities (Private) Limited was incorporated as private limited company on January 28, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) via incorporation no. 0071461.

The Company is a Trading Rights Entitlement Certificate (TREC) holder of the Pakistan Stock Exchange Limited. The Company is engaged in the business of share brokerage and investment in securities.

The registered and principal office of the company is situated at 4th Floor, Room No. 414 and 415, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore.

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. Accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and the provisions of and directives issued under the Companies Act, 2017. Where the provisions of or directives issued under the Companies Act, 2017 differ from the IFRS, the provisions and / or directives issued under the Companies Act, 2017 have been followed.

2.2 NEW STANDARDS, AMENDMENTS & INTERPRETATIONS BECAME EFFECTIVE

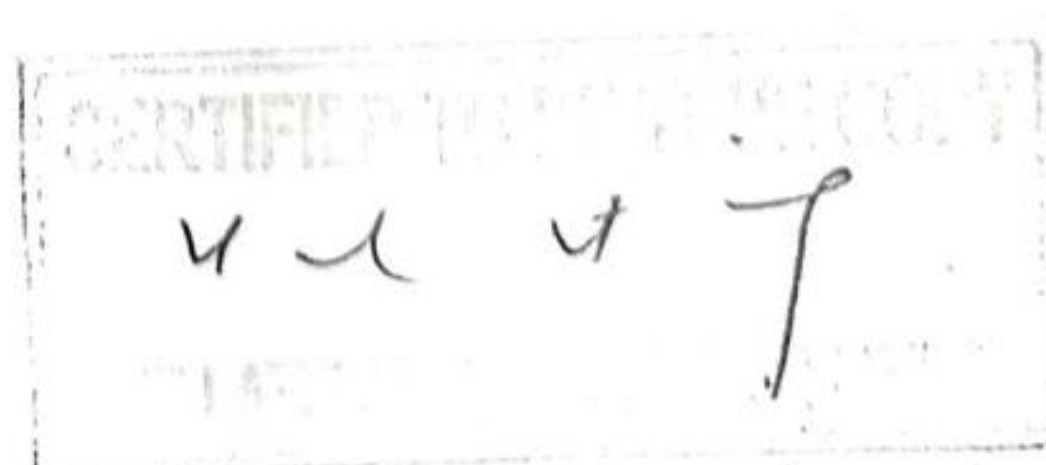
The Company has adopted the following revised standards, amendments in accounting standards and interpretations of IFRS which became effective for the current year:

IFRS 16 - Leases - Annual Improvements to IFRS 2018-2020

However, this adoption has no impact on the financial statements of the Company.

2.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:



Standard or Interpretation

**Effective Date
(Annual periods
beginning on or after)**

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

IAS 1	- Presentation of Financial Statements – definition of 'material' and classification of liabilities	01 January 2023
IAS 1	- Classification of liabilities as current and non current- Deferral to Effective date Amendments to IAS 01	01 January 2023
IAS 8	- Amended by Definition of Accounting Estimates – Amendments to IAS 8	01 January 2023
IAS 16	- Amended by Property, Plant and Equipment — Proceeds before Intended Use	01 January 2022
IAS 37	- Provisions, Contingent Liabilities and Contingent Assets – costs to include when assessing whether a contract is onerous (Amendments)	01 January 2022
IFRS 1	- First-time Adoption of International Financial Reporting Standards – Annual Improvements to IFRS Standards 2018–2020)	01 January 2022
IFRS 3	- Business Combination – Amendments to clarify reference to the Conceptual Framework	01 January 2022
IFRS 9	- Financial Instruments – Annual Improvements to IFRS Standards 2018–2020 (Amended)	01 January 2022

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022 and January 01, 2023 respectively. The Company expects that such improvements to the standards will not have any significant impact on the Company's financial statements in the period of initial application.

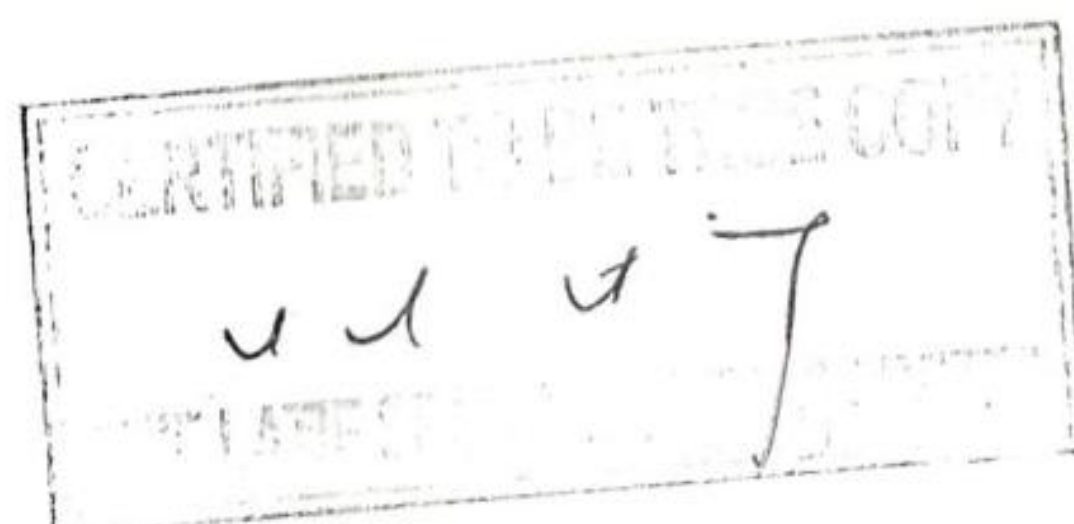
Furthermore, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 17 - Insurance Contracts	01 January 2023

The Company expects that the adoption of the above standard will have no material effect on the Company's financial statements, in the period of initial application.

2.4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items which are stated at fair values as disclosed in relevant accounting policies.



2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees which is the Company's functional & presentational currency. Amounts presented in these financial statements have been rounded off to the nearest of rupee, unless otherwise stated.

2.6 KEY JUDGMENTS AND ESTIMATES

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

- Useful lives, residual values and depreciation method of the property & equipment;
- Useful lives, residual values and amortization method of the
- Provision for doubtful trade receivables;
- Provision for taxation; and
- Financial liabilities.

The revisions to accounting estimates, if any, are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

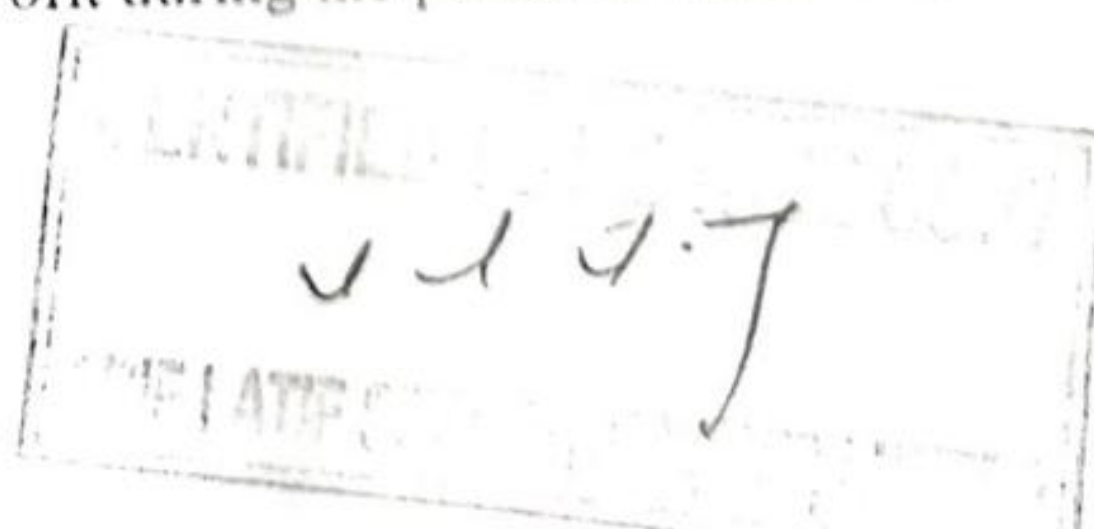
The accounting policies set out below have been consistently applied to all the periods presented in these financial statements.

3.1 PROPERTY, PLANT AND EQUIPMENT

All the property and equipment have been valued at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work in progress which are stated at cost. Cost includes purchase price and all incidental expenses incurred up to the date the asset is put to use. 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 till the time these assets will start economic benefits.

Depreciation on property and equipment is charged to profit on reducing balance method over its estimated useful life so as to write off the historical cost of an asset at the rates specified. Depreciation on additions is charged on the basis of number of days commencing from the day at which assets become available for use, while on disposals, depreciation is charged up to the day of deletion. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

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 & maintenance costs are charged to profit during the period in which they are incurred.



An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income during the year in which the asset is

3.2 IMPAIRMENT OF ASSETS

An assessment is made at each statement of financial position date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized as an expense.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment loss(es) been recognized for the asset in prior years.

3.3 INTANGIBLE ASSETS

Intangible assets, if any, other than goodwill, are measured at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method. Research and development expenditure is charged to 'administrative & general expenses' in the profit or loss account as and when incurred.

3.4 MEMBERSHIP CARD & OFFICE ROOM

These are stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated

3.5 TRADE AND OTHER RECEIVABLES

Trade & other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to the profit or loss account.

3.6 CASH AND CASH EQUIVALENTS

Cash & cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash & cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts and short term liquid investments.



3.7 FINANCIAL INSTRUMENTS

3.7.1 FINANCIAL ASSETS

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value through Profit or loss and other comprehensive income. The classification of financial asset at initial recognition depends on the financial assets contractual cash flows characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financial component or for which the Company has applied the practical expedient, the Company initially measures financial asset at its fair value plus, in case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI. It needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at it an instrument level. The Company's business model for managing financial asset refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Purchases or sales of the financial assets that require delivery of assets within a time frame established by regulation or convention in a market place (regular way trades) are recognized on the trade date, i.e. the

b) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two categories:

- i) Financial assets at amortized cost (debt instruments).
- ii) Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to held financial assets in order to collect contractual cash flows; and

The contractual terms of The financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on The principal amount outstanding financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.



The Company's financial assets at amortized cost includes trade and other receivables.

c) Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset, or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.7.2 FINANCIAL LIABILITIES

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.



b) Subsequent measurement

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial Liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedge instruments. Gains or losses on liabilities held for trading are recognized in statement of profit or loss. Financial Liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition and only if the criteria in IFRS 9 are satisfied. The Company has not

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The differences in the respective carrying amounts is recognized in the statement of profit or loss.

3.8 OFF-SETTING OF FINANCIAL ASSETS & LIABILITIES

Financial assets and financial liabilities are off-set 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 on a net basis or to realize the assets and settle

3.9 PROVISIONS

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized as finance

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices & conditions and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and



ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

3.10 TRADE AND OTHER PAYABLES

Trade & other payables are obligations under normal short term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.11 REVENUE RECOGNITION

Revenue from sales is recognized when all of the following conditions are satisfied;

- a) the Company has transferred to the buyer, the significant risks and rewards of ownership of such properties;
- b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership for effective control over the goods sold;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the
- e) The costs incurred or to be incurred in respect of the transaction can

Other revenue is recognized on the following basis;

- Rental income is recognized on a time proportion basis over the lease term;
- Interest income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable; and
- Dividend income is recognized when the right to receive the

3.12 INCOME TAX

Tax expense is recognized 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, if any, in which case the tax amounts are recognized directly in other comprehensive income or equity. Income tax comprises of current tax and deferred tax.

Current tax

Current tax is the expected tax payable on the taxable income for the year calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credits and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

Deferred tax

A deferred tax liability is recognized for all temporary differences that are expected to increase taxable profit in future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in future and the carry forward of unused tax losses. The amount of deferred tax provided, if any, is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates.



Off-setting

Deferred tax assets and liabilities are off-set if there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the

3.13 RELATED PARTY TRANSACTIONS

All transactions with related parties are made at arm's length prices determined in accordance with comparable uncontrolled price method. Parties are said to be related if they are able to influence the operating and financial decisions of each other. The related parties and associated undertakings comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel.

3.14 BORROWING COSTS

Measurement

Loans are measured at amortized cost using the effective interest method. Overdrafts are repayable in full on demand and are initially measured and subsequently stated at face value.

Interest

Interest is recognized on the basis of effective interest method and is charged to finance cost.

Interest free loan

In case, where the loan is for a fixed term but is interest free or carries interest below the prevalent market rate, it is initially recognized at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognized as finance income. Subsequently, the interest free loan is measured at amortized cost, using the effective interest rate method. This involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the profit or loss account.

3.15 FOREIGN CURRENCY TRANSACTIONS & TRANSLATIONS

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the reporting date and exchange differences, if any, are charged in the statement of profit or loss.

3.16 CONTINGENCIES AND COMMITMENTS

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company or the Company has a present legal or constructive obligation that arises from past 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 obligation cannot be measured with reliability.

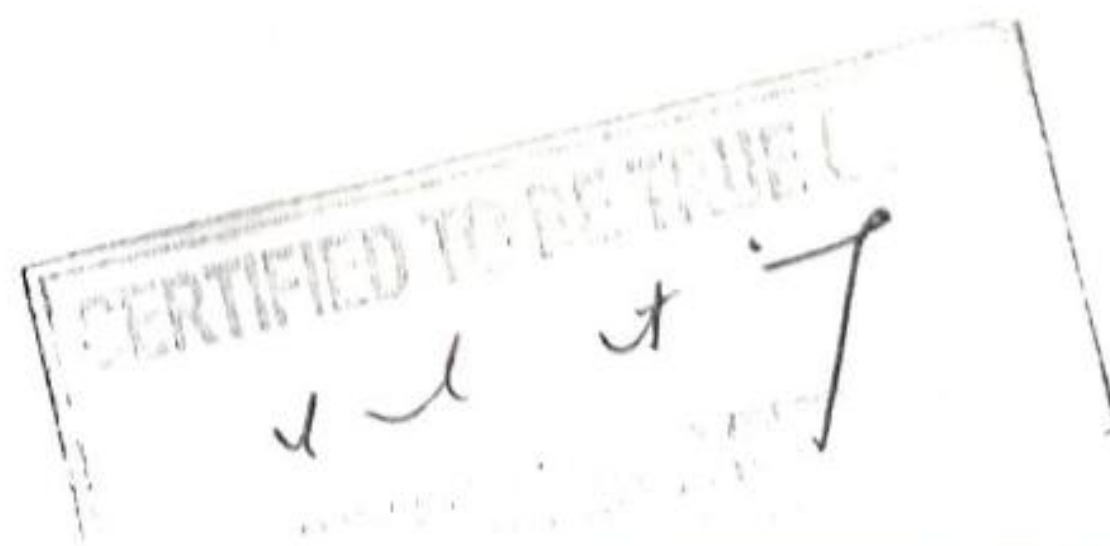
ARIF LATIF SECURITIES (PRIVATE) LIMITED
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 FOR THE YEAR ENDED JUNE 30, 2022

4 PROPERTY AND EQUIPMENT

PARTICULARS	2022		Rate %	DEPRECIATION		WDV As at 30-Jun-22	
	COST			As at 1-Jul-21	For the year 30-Jun-22		As at 30-Jun-22
	As at 1-Jul-21	Additions/ (deletions) 30-Jun-22					
Furniture and fittings	53,479	53,479	10	30,866	2,261	33,127	
Computer equipment	367,847	9,200	30	238,523	40,407	278,930	
Office equipment	352,936	352,936	10	123,056	22,988	146,044	
Vehicle	2,900,000	1,565,000	15	72,500	639,313	711,813	
Total	3,674,262	1,574,200		464,945	704,969	1,169,914	

4.1 PROPERTY AND EQUIPMENT -COMPARATIVE

PARTICULARS	2021		Rate %	DEPRECIATION		WDV As at 30-Jun-21	
	COST			As at 1-Jul-20	For the year 30-Jun-21		As at 30-Jun-21
	As at 1-Jul-20	Additions/ (deletions) 30-Jun-21					
Furniture and fittings	53,479	53,479	10	28,353	2,513	30,866	
Computer equipment	337,847	367,847	30	188,455	50,068	238,523	
Office equipment	352,936	352,936	10	97,514	25,542	123,056	
Vehicle	-	2,900,000	15	-	72,500	72,500	
Total	744,262	2,930,000		314,322	150,622	464,945	



ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
5 INTANGIBLE			
Trading Right Entitlement Certificate (TREC)	5.1	2,500,000	2,500,000
Office Booth - PSX Limited	5.2	500,000	500,000
		<u>3,000,000</u>	<u>3,000,000</u>

5.1 This represents Trading Right Entitlement (TRE) Certificate received from Pakistan Stock Exchange Limited after the merger of all the three stock exchanges of Pakistan in accordance with the requirements of the Stock Exchanges (Corporatization, emutualization and

5.2 This represents cost of leasehold rights to use the Room given by LSE Financial Services Limited for indefinite useful life as per notice of LSE number LSE-4757 dated November 12, 2009. This is considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits. This is considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

6 LONG-TERM INVESTMENTS

Equity instruments-fair value through OCI

LSE Financial Services Limited	6.1	<u>20,533,912</u>	<u>19,673,058</u>
Shares 843,975 (2021: 843,975)		<u>20,533,912</u>	<u>19,673,058</u>

6.1 LSE Financial Services Limited

Opening balance		19,673,058	19,082,275
Fair value adjustment	6.1.1	860,855	-
Right shares subscription		-	590,783
Closing balance		<u>20,533,912</u>	<u>19,673,058</u>

6.1.1 These constitute investment in 843,975 shares of Rs. 24.33/- each (2021: 843,975 shares of Rs. 23.31/- each) of LSE Financial Services Limited (formerly LSE).

7 LONG-TERM DEPOSITS AND PREPAYMENTS

Central Depository Company of Pakistan (CDCPL)		100,000	100,000
National Clearing Company of Pakistan (NCCPL)		1,400,000	1,400,000
		<u>1,500,000</u>	<u>1,500,000</u>

8 TRADE DEBTS - CONSIDERED GOOD

Trade receivable	8.1	6,236,257	637,851
NCCPL Receivable - MTS	8.2	-	17,620,234
		<u>6,236,257</u>	<u>18,258,085</u>

8.1 These trade debts include trading account due from related parties amounting to Rs. NIL (2021: Rs. NIL)

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 ARIF LATIF SECURITIES (PRIVATE) LIMITED

8.2 In MTS (Margin Trading System), an investor can buy MTS eligible securities having a part percentage of funds available of the total value of MTS eligible securities bought. An investor may buy a number of MTS eligible securities while having only a fixed percentage of funds available. The remaining amount is financed or leveraged by the Brokerage firm. The percentage of funds required for MTS is defined by the Brokerage firm which shall not be less than 15% of the total value of MTS eligible securities purchased or VAR (Value at Risk – A percentage number signifying the decline in the value of an asset class in a particular period of time). A mark-up rate of not more than Kibor+8% is charged against the leveraged securities held under MTS. Margin Trading Contracts are settled in T+2 days.

9 SHORT TERM DEPOSITS

Pakistan Stock Exchange Limited (PSX)	6,000,000	6,000,000
MTS Exposure to NCCPL	2,000,000	2,000,000
	<u>8,000,000</u>	<u>8,000,000</u>

10 SHORT TERM INVESTMENTS

Equity instruments- fair value through P&L	10.1	11,903,760	2,316,000
Debt instruments- amortized cost	10.2	19,357,500	-
		<u>31,261,260</u>	<u>2,316,000</u>

10.1 Equity instruments- fair value through P&L

Nil Shares (2021: 150,000) Lotte Chemical Pakistan	-	2,316,000
108,000 (2021: Nil Shares) Fauji Fertilizer Company	11,580,727	-
	11,580,727	2,316,000
Financial assets at 'fair value through profit or loss'	323,033	
Closing value	<u>11,903,760</u>	<u>2,316,000</u>

10.2 Debt instruments- amortized cost

Treasury Bill	19,357,500	-
	<u>19,357,500</u>	<u>-</u>

10.2.1 The Company has purchased Government of Pakistan Market Treasury Bills (T.B.) of face value of Rs. 20,000,000 from MCB Bank Limited. The Treasury Bill (T.B.) will be matured on August 22, 2022.

11 CASH AND BANK BALANCES

Cash in hand	70,212	70,212
Cash at bank:		
Broker's account - saving account	35,600,576	26,463,134
Client's account - saving account	20,986,987	101,429,761
	56,587,563	127,892,895
	<u>56,657,775</u>	<u>127,963,107</u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
11.1			
The saving accounts carries markup ranging from 11% to 13.5% (2021: 5.5% to 8%) per annum.			
12 SHARE CAPITAL			
12.1 Authorized share capital			
7,500,000 (2021 : 7,500,000/-) shares of Rs 10/- each		<u>75,000,000</u>	<u>75,000,000</u>
		<u>75,000,000</u>	<u>75,000,000</u>
12.2 Issued, Subscribed and Paid-up Capital - In cash			
7,500,000 (2021 : 5,500,000/-) shares of Rs 10/- each		<u>75,000,000</u>	<u>55,000,000</u>
		<u>75,000,000</u>	<u>55,000,000</u>
12.1 Pattern of share holding			
Name		Number of	Percentage
Arif Latif		6,000,000	80.00%
Atif Arif		750,000	10.00%
Adeel Arif		750,000	10.00%
Total number of shares		<u>7,500,000</u>	<u>100%</u>
13 REVALUATION RESERVES			
Opening balance		19,673,447	19,082,664
LSE Financial Services Limited (formerly LSE)		860,855	590,783
		<u>20,534,302</u>	<u>19,673,447</u>
14 DEFERRED TAXATION			
Deferred tax liability	14.1	<u>161,307</u>	<u>82,081</u>
		<u>161,307</u>	<u>82,081</u>
14.1 Deferred tax liability			
Opening balance		82,081	(41,325)
Movement during the year		79,226	123,406
Closing balance		<u>161,307</u>	<u>82,081</u>
15 TRADE AND OTHER PAYABLES			
Trade payables	15.1	14,165,877	94,327,756
Accrued liabilities	15.2	1,668,974	1,011,629
NCCPL future deposit DFC Exposure		5,000,000	5,000,000
		<u>20,834,851</u>	<u>100,339,385</u>
15.1	This includes trading account due to related parties amounting to Rs. 10,720,327/- (2021: 82,613,763).		

ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
15.2 Accrued liabilities			
Audit fee payable		194,250	110,000
Other payables		1,474,724	901,629
		<u>1,668,974</u>	<u>1,011,629</u>

16 TAXATION-NET

Opening (receivable) / payable		(2,311,214)	(1,542,856)
Add: tax paid / deducted during the year		(1,532,388)	(1,148,739)
		(3,843,602)	(2,691,595)
Less: provision for tax			
Current		1,013,925	529,092
Prior year		1,832,314	(148,711)
		2,846,239	380,381
		<u>(927,363)</u>	<u>(2,311,214)</u>

16.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.

	Percentage %	Percentage %
Applicable tax rate	-	29
Effect of prior year taxation	-	(5.21)
Effect of admissible / (Inadmissible) and FTR	-	(10.45)
Others	-	4.33
Effective tax rate	<u>-</u>	<u>17.67</u>

16.2 The provision for current year's tax is based on minimum tax @ 1.25% of turnover w/s 113 of the Income Tax Ordinance, 2001. Hence, the numerical reconciliation between average effective tax rate and the applicable tax rate is not presented. According to management, the tax provision made in the financial statements is sufficient.

17 CONTINGENCIES AND COMMITMENTS

17.1 CONTINGENCIES:

There are no contingencies as at June 30, 2022 (2021: nil).

17.2 COMMITMENTS:

The company has lien the TRE certificate's Pakistan Stock Exchange and 843,975 number of shares with Pakistan Stock Exchange in compliance with Base Minimum Capital (BMC) requirement under the regulations governing risk management of PSX.

18 DIVIDEND INCOME

Dividend income from investment		4,179,080	915,783
		<u>4,179,080</u>	<u>915,783</u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
19 BROKERAGE INCOME - NET			
Brokerage income - gross		3,859,405	7,388,448
Sales tax on services		(532,332)	(1,019,096)
		<u>3,327,073</u>	<u>6,369,352</u>
19 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and benefits		9,394,500	8,039,628
Legal and professional charges		408,700	411,500
Auditors' remuneration	19.1	194,250	258,115
Fee and subscription		929,680	627,986
Electricity		256,923	212,042
Rent, rates and taxes		420,287	828,514
Communication expense		240,061	148,045
Entertainment expense		42,483	30,530
Postage		25,750	24,040
Travelling and conveyance		874,916	421,520
Depreciation	4	704,969	150,622
Bad debts		253,639	-
Miscellaneous		507,670	444,525
		<u>14,253,828</u>	<u>11,597,067</u>
19.1 Auditors' remuneration			
Audit fee		90,000	82,500
Certification charges		27,500	27,500
Others		67,500	132,243
Sales tax		9,250	15,872
		<u>194,250</u>	<u>258,115</u>
20 FINANCIAL CHARGES			
Bank charges		20,536	23,016
		<u>20,536</u>	<u>23,016</u>
21 OTHER INCOME			
Bank profit		6,212,724	6,072,617
Service income		1,497,407	1,114,139
Gain on disposal of investment	21.1	6,259,300	-
		<u>13,969,431</u>	<u>7,186,756</u>
21.1 Gain on disposal of investment			
Sale price		8,575,300	-
Less: cost of investment		(2,316,000)	-
Gain/(loss) on investment		<u>6,259,300</u>	<u>-</u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
22 PROVISION FOR TAXATION			
Current		1,013,925	529,092
Prior year		1,832,314	(148,711)
Deferred		79,226	123,406
		<u>2,925,465</u>	<u>503,787</u>

23 BASIC EARNING PER SHARE

Profit after taxation		4,598,788	2,348,021
Weighted average number of shares		6,833,333	4,333,334
Earning per share - basic		<u>0.67</u>	<u>0.54</u>

24 RELATED PARTIES TRANSACTIONS

Amounts due from and to related parties are shown under respective notes to the financial statements. Remuneration of directors and key management personnel is disclosed in Note 30. Other significant transactions with related parties are as follows:

Name and basis of relationship	2022	2021
i) Mr. Arif Latif - CEO / Director	4,220,631	21,473,996
ii) Mrs. Seemi Arif Latif - Director's spouse	5,852,242	53,241,152
iii) Mr. Adeel Arif - Director	92,760	3,900,187
iv) Mr. Atif Arif - Director	501,353	3,944,687
v) Mrs. Sobia Atif - Director's spouse	53,341	53,741

25 NUMBER OF EMPLOYEES

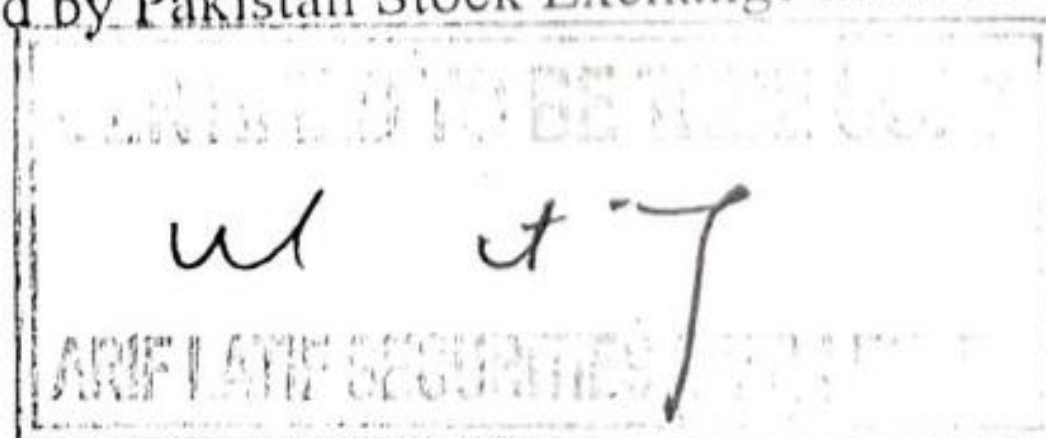
Number of employees as at year end	<u>5</u>	<u>4</u>
Average number of employees during the	<u>5</u>	<u>4</u>

25.1 Average and number of employees during the year in factory not applicable to the company.

26 CAPITAL ADEQUACY LEVEL

Total assets	132,265,116	186,230,781
Less: total liabilities	(20,834,851)	(100,339,385)
Less: revaluation reserves (created upon revaluation)	(20,534,302)	(19,673,447)
	<u>90,895,963</u>	<u>66,217,949</u>

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by M/s. Arif Latif Securities (Pvt.) Limited as at year ended June 30, 2022 as determined by Pakistan Stock Exchange has been considered.



ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	Interest bearing		Non-interest bearing		Total	
	Maturity within one year	Maturity after one year	Maturity within one year	Maturity after one year	2022	2021
Financial assets:						
Long term investment	-	-	-	20,533,912	20,533,912	19,673,058
Long term deposits	-	-	-	1,500,000	1,500,000	1,500,000
Short term deposits	-	-	8,000,000	-	8,000,000	8,000,000
Trade debts - considered good	-	-	6,236,257	-	6,236,257	18,258,085
Short term investments	-	-	31,261,260	-	31,261,260	2,316,000
Cash and bank balances	56,587,563	-	70,212	-	56,657,775	127,963,107
	56,587,563	-	45,567,729	22,033,912	124,189,204	177,710,250
Financial liabilities:						
Trade and other payables	-	-	20,834,851	-	20,834,851	100,339,385
Loan from directors	-	-	-	-	-	-
	-	-	20,834,851	-	20,834,851	100,339,385

27.1 Financial instruments and financial risk management

The company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

27.2 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. However, this risk is mitigated by applying individual credit limits to high credit rating parties and constant monitoring of credit.

27.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments.



ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

27.4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	2021	2020
	<u>Carrying amount</u>	<u>Carrying</u>
Trade and other payables	<u>20,834,851</u>	<u>100,339,385</u>

27.5 Capital risk management

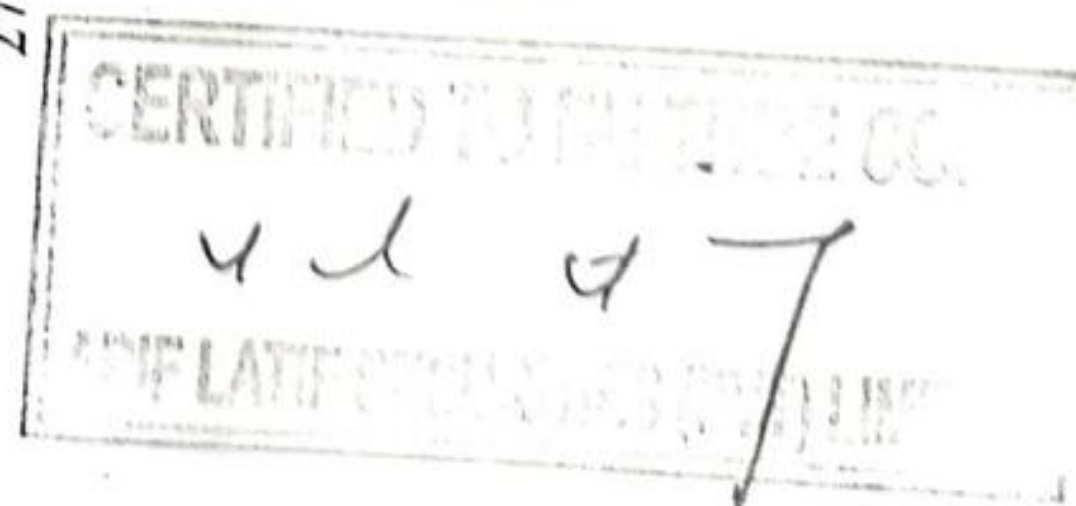
The company's prime objectives when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debts. The gearing ratio as at period ended June 30, 2021 and June 30, 2022 are as follows:-

	2022	2021
	<u>RUPEES</u>	<u>RUPEES</u>
Total borrowing	56,657,775	127,963,107
Cash and bank balances	(56,657,775)	(127,963,107)
Net debt	111,268,958	85,809,315
Total equity	54,611,183	(42,153,792)
Total capital		
Gearing ratio	<u>(1.04)</u>	<u>3.04</u>

27.6 Fair value of financial instruments

0.0

The carrying amounts of financial assets and financial liabilities approximate their fair values.



28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	-----Rupees-----					
Remuneration	2,430,000	1,958,672	3,845,100	3,093,966	-	-
Medical	-	-	-	-	-	-
Reimbursement expe	-	-	-	-	-	-
LFA/ Bonus	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
	<u>2,430,000</u>	<u>1,958,672</u>	<u>3,845,100</u>	<u>3,093,966</u>	<u>-</u>	<u>-</u>
Number of person	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>

29 NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as per rule 2(d) of Schedule 3 to the Securities and Exchange Rules, 1971 as amended from time to time, as per attached in Annexure "A".

30 LIQUID CAPITAL

As per attached in annexure "B".

31 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purpose of better comparison. However, no material re-arrangement / re- classification has been in these financial statements.

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30/09/2022 by the Board of Directors.

33 GENERAL

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

[Signature]
 CHIEF EXECUTIVE

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 ARIF LATIF SECURITIES (PRIVATE) LIMITED



[Signature]
 DIRECTOR

ARIF LATIF SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

29 NET CAPITAL BALANCE

Annexure "A"

DESCRIPTION	VALUATION BASIS	NOTE	RUPEES
CURRENT ASSETS			
Cash and bank balances	As per Book value	30.1 (i)	56,657,775
Trade receivables	Book Value Less overdue for more than 14 days	30.1 (ii)	13,533,368
Investment in Listed Securities in the name of broker	Securities marked to market less 15% discount	30.1 (iii)	10,118,196
Securities purchased for client	Securities purchased for client & held by broker where payment is not received in 14 days		-
Listed TFCs/Corporate Bonds of not Marked to market less than BBB grade assigned by credit rating company in Pakistan	Marked to market less 5% discount		-
FIBs	Marked to market less 5% discount		-
Treasury Bill	At market value		19,357,500
TOTAL CURRENT ASSETS			99,666,839
CURRENT LIABILITIES			
Trade payables	Book value less overdue for	30.1 (iv)	6,317,269
Other liabilities	As per Book values	30.1 (v)	12,848,608
Accrued expenses		30.1 (vi)	1,668,974
TOTAL CURRENT LIABILITIES			20,834,851
NET CAPITAL BALANCE AS AT JUNE 30, 2022			78,831,988

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 ARIF LATIF SECURITIES (PRIVATE) LIMITED

[Signature]
 CHIEF EXECUTIVE OFFICER



29.1 NOTES TO THE NET CAPITAL BALANCE

(i) CASH IN HAND OR IN BANK

Cash in hand	70,212
Cash at bank	
- Broker's account	35,600,576
- Client's account	20,986,987
	<u>56,657,775</u>

(ii) TRADE RECEIVABLES

Book value	6,236,257
Less: overdue for more than 14 days	(702,889)
Receivables form NCCPL	8,000,000
	<u>13,533,368</u>

(iii) INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

Market value	11,903,760
Less: securities in exposure list marked to market less 15% diccount	(1,785,564)
	<u>10,118,196</u>

(iv) TREASURY BILL

Market value	19,357,500
	<u>19,357,500</u>

(v) TRADE PAYBALES

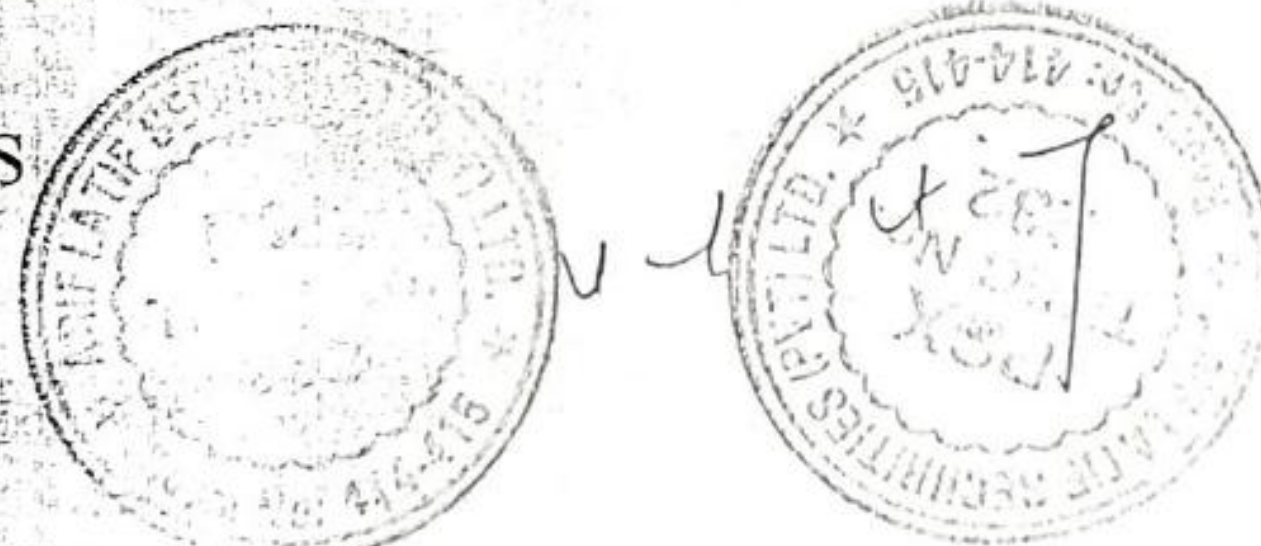
As per book values	19,165,877
Less: overdue for more than 30 days	(12,848,608)
	<u>6,317,269</u>

(vi) OTHER LIABILITIES

Trade creditors (more than 30 days)	12,848,608
	<u>12,848,608</u>

(vii) ACCRUED EXPENSES

FED	45,313
Capital Gain Tax	697,310
CDC	16,701
Annual audit	194,250
Tax consultant fees	50,400
Admin salary	600,000
Annual return	65,000
	<u>1,668,974</u>

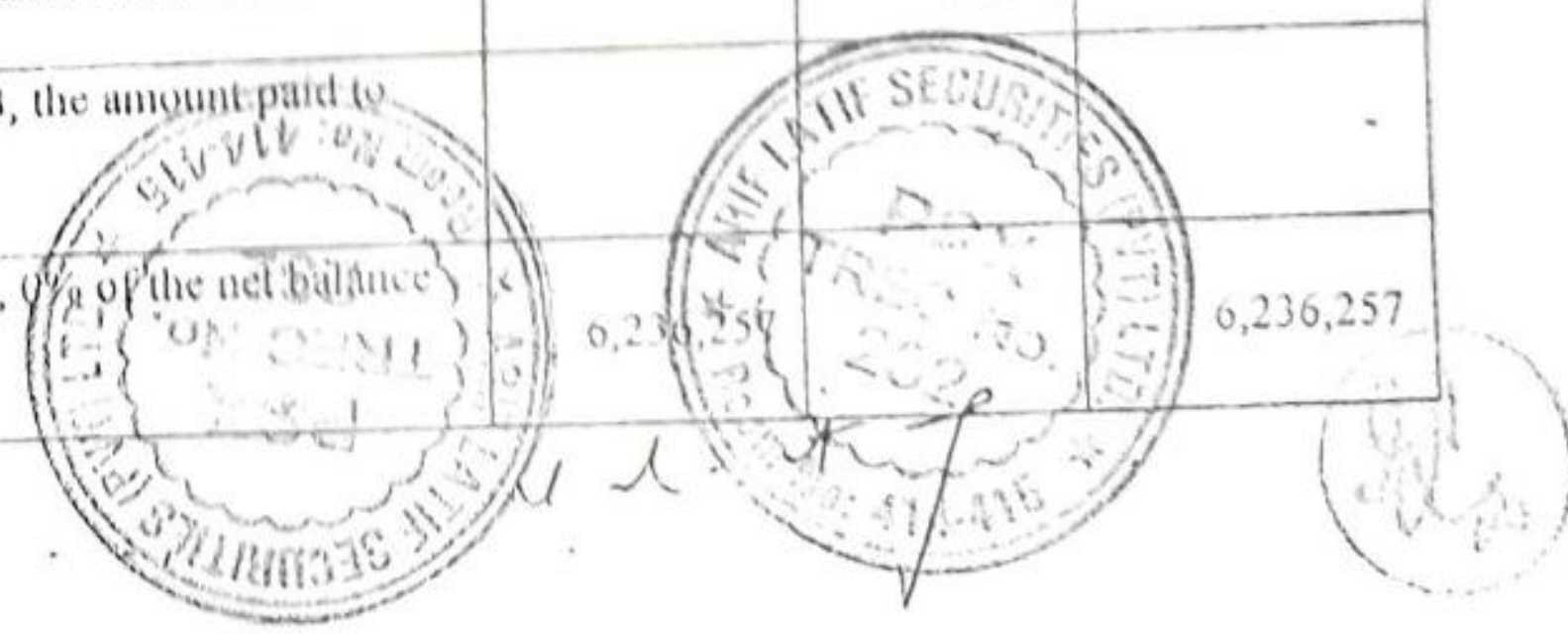


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30 LIQUID CAPITAL

Annexure "B"

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment (I SE ROOM 109)	4,078,549	100.00%	-
1.2	Intangible Assets (TRIC)	3,000,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			
	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year		5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years		7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years		10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year		10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years		12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years		15.00%	-
	Investment in Equity Securities			
	i. If listed 15% of VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher	11,903,760	15.00%	10,118,196
	ii. If unlisted, 100% of carrying value (I SE FINANCIAL SERVICES LTD.)	20,533,912	100.00%	-
	iii. Subscription money against investment in IPO/offer for Sale. Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker	-	-	-
1.5	iv. 100% haircut shall be applied to value of investment in any asset including shares of listed securities that are in Block, freeze or Pledge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are pledged in favour of stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017).	-	-	-
			100.00%	-
1.6	Investment in subsidiaries			
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.		-	-
	ii. If unlisted, 100% of net value.		100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	8,000,000	-	8,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan to Employees: Loans are secured and due for repayment within 12 months	-	100.00%	-
	ii. Receivables other than trade receivables	-	-	-
1.16	Receivables from clearing house or securities exchange(s)			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut	-	-	-
	i. Lower of net balance sheet value or value determined through adjustments.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.		5.00%	-
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.			
1.17	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	6,236,257	-	6,236,257
	iv. Balance sheet value			



30 LIQUID CAPITAL

Annexure "B"

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	-	-	-
	v. Lower of net balance sheet value or value determined through adjustments	-	100.00%	-
	vi. 100% haircut in the case of amount receivable form related parties.	-	-	-
	Cash and Bank balances			
	Treasury Bill	19,357,500	-	19,357,500
1.18	i. Bank Balance-proprietary accounts	35,600,576	-	35,600,576
	ii. Bank balance-customer accounts	20,986,987	-	20,986,987
	iii. Cash in hand	70,212	-	70,212
1.19	Total Assets	131,267,753		100,369,728
	2. Liabilities			
	Trade Payables			
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products	19,165,877	-	19,165,877
	iii. Payable to customers			
	Current Liabilities			
	i. Statutory and regulatory dues	1,668,974	-	1,668,974
	ii. Accruals and other payables		-	-
	iii. Short-term borrowings		-	-
2.2	iv. Current portion of subordinated loans		-	-
	v. Current portion of long term liabilities		-	-
	vi. Deferred Liabilities		-	-
	vii. Provision for bad debts		-	-
	viii. Provision for taxation		-	-
	ix. Other liabilities as per accounting principles and included in the financial statements		-	-
	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease.			
	b. Other long-term financing			
	ii. Staff retirement benefits			
2.3	iii. Advance against shares for increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital. c. Relevant Regulatory approvals have been obtained. d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			00
	iv. Other liabilities as per accounting principles and included in the financial statements			
	Subordinated Loans			
2.4	i. 100% of Subordinated loans which fulfil the conditions specified by SECP are allowed to be deducted; The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfil the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 t c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfil the conditions specified by SECP	20,834,851		20,834,851
2.5	Total Liabilities			
	3. Ranking Liabilities Relating to :			
3.1	Concentration in Margin Financing The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.			
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL. (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
	Net underwriting Commitments			

30 LIQUID CAPITAL

Annexure "B"

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.3	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	Concentrated proprietary positions If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
3.9	Opening Positions in futures and options i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	Short sell positions i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	00
3.11	Total Ranking Liabilities	-	-	-
3.12	Liquid Capital	110,432,902	-	79,534,877

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