

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	286,370	283,503
Intangible	6	3,000,000	3,000,000
Long-term investments	7	19,158,233	15,259,068
Long-term deposits and prepayments	8	1,500,000	1,600,000
Deferred taxation	16	22,610	29,998
		23,967,213	20,172,569
CURRENT ASSETS			
Trade debts - considered good	9	727,390	7,272,826
Short term deposits	10	2,000,000	3,600,000
Short term investments	11	17,874,200	8,505,370
Taxation-net	18	-	1,290,047
Cash and bank balances	12	56,264,153	75,451,348
		76,865,743	96,119,591
TOTAL ASSETS		100,832,956	116,292,160
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	35,000,000	25,000,000
Unappropriated profit		6,370,001	6,716,594
		41,370,001	31,716,594
Revaluation surplus	14	19,158,622	15,424,773
Directors' loan	15	4,461,699	13,261,699
NON-CURRENT LIABILITIES			
Deferred taxation	16	-	-
CURRENT LIABILITIES			
Trade and other payables	17	35,661,923	55,889,094
Taxation	18	180,711	-
CONTINGENCIES AND COMMITMENTS	19	-	-
TOTAL EQUITY AND LIABILITIES		100,832,956	116,292,160

The annexed notes 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
REVENUE	20	4,245,820	3,361,589
EXPENSES			
Administrative and general expenses	21	(8,004,237)	(5,807,157)
Profit / (loss) on sale of investment		703,678	1,121,176
Operating loss		<u>(3,054,739)</u>	<u>(1,324,392)</u>
Financial charges	22	(5,997)	(11,086)
Other income	23	5,654,424	4,112,707
Profit before taxation		<u>2,593,688</u>	<u>2,777,228</u>
Provision for taxation	24	(2,940,281)	(795,180)
(Loss) / profit after taxation		<u>(346,594)</u>	<u>1,982,048</u>
Other comprehensive income			
Items that may be reclassified to profit and loss account subsequently			
Trading Right Entitlement Certificate (TREC)	14	-	(2,500,000)
Fair value gain / loss on remeasurement of short term investment	14	(165,316)	359,198
Fair value gain / loss on remeasurement of long term investment	14	3,899,165	371,349
Items that may not be reclassified to profit and loss account subsequently			
Total comprehensive income for the year		<u><u>3,387,255</u></u>	<u><u>212,595</u></u>
Earning per share - basic	25	<u><u>(0.11)</u></u>	<u><u>0.79</u></u>

The annexed notes 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2019

	2019 RUPEES	2018 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,593,688	2,777,228
<i>Adjustment for non cash items:</i>		
Dividend income	(982,488)	(616,987)
Financial charges	5,997	11,086
Depreciation for the year	54,983	48,204
	(921,507)	(557,697)
Changes in working capital <i>(Increase)/ decrease in current assets</i>		
Trade debts - considered good	6,545,436	10,907,624
Short term deposits	1,600,000	(1,600,000)
Short term investments	(9,534,146)	1,097,468
	(1,388,710)	10,405,092
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(20,227,171)	28,625,781
Net cash inflow / (outflow) from operations	(19,943,701)	41,250,404
Income tax paid	(1,462,135)	(1,981,961)
Finance charges paid	(5,997)	(11,086)
	(1,468,132)	(1,993,047)
Net cash inflow / (outflow) from operating activities	(21,411,833)	39,257,357
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(57,850)	(144,803)
Long term deposit	100,000	(500,000)
Dividend income	982,488	616,987
Net cash (outflow) / inflow from investing activities	1,024,638	(27,816)
CASH FLOWS FROM FINANCING ACTIVITIES		
Directors' Loan	(8,800,000)	-
Issuance of shares	10,000,000	-
Net cash flow from financing activities	1,200,000	-
Net increase / (decrease) in cash and cash equivalents	(19,187,195)	39,229,541
Cash and cash equivalents at beginning of the year	75,451,348	36,221,807
Cash and cash equivalents at end of the year	56,264,153	75,451,348

The annexed notes 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2019

Particulars	Share capital	Unappropriated profit	Revaluation surplus	Directors' loan	Total
-----RUPEES-----					
Balance as at June 30, 2017	25,000,000	4,734,546	17,194,225	13,261,699	60,190,470
Total comprehensive income for the year	-	1,982,048	-	-	1,982,048
Issue of share capital	-	-	-	-	-
Revaluation surplus	-	-	(1,769,453)	-	(1,769,453)
Balance as at June 30, 2018	25,000,000	6,716,594	15,424,772	13,261,699	60,403,065
Total comprehensive income/(Loss) for the year	-	(346,594)	-	-	(346,594)
Issue of share capital	10,000,000				10,000,000
Repayment of loan				(8,800,000)	(8,800,000)
Revaluation (deficit)/Surplus	-	-	3,733,849		3,733,849
Balance as at June 30, 2019	35,000,000	6,370,001	19,158,621	4,461,699	64,990,321

The annexed notes 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

5 PROPERTY, PLANT AND EQUIPMENT

2019								
Particulars	Cost			Rate %	Depreciation			WDV As at 30-Jun-19
	As at 1-Jul-18	Additions/ (deletions)	As at 30-Jun-19		As at 1-Jul-18	For the year	As at 30-Jun-19	
Furniture and fittings	53,479	-	53,479	10	22,459	3,102	25,561	27,918
Computer equipment	220,497	57,850	278,347	30	107,794	37,903	145,697	132,650
Office equipment	194,936	-	194,936	10	55,156	13,978	69,134	125,802
Total	468,912	57,850	526,762		185,409	54,983	240,392	286,370

2018								
Particulars	Cost			Rate %	Depreciation			WDV As at 30-Jun-18
	As at 1-Jul-17	Additions/ (deletions)	As at 30-Jun-18		As at 1-Jul-17	For the year	As at 30-Jun-18	
Furniture and fittings	53,479	-	53,479	10	19,013	3,447	22,459	31,020
Computer equipment	142,847	77,650	220,497	30	73,110	34,684	107,794	112,703
Office equipment	127,783	67,153	194,936	10	45,083	10,073	55,156	139,780
Total	324,109	144,803	468,912		137,206	48,204	185,409	283,504

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
6 INTANGIBLE			
Trading Right Entitlement Certificate (TREC)	6.1	2,500,000	2,500,000
Rights to use room	6.2	500,000	500,000
		<u>3,000,000</u>	<u>3,000,000</u>
6.1 Opening value	6.1.1	2,500,000	5,000,000
Fair value adjustment		-	(2,500,000)
		<u>2,500,000</u>	<u>2,500,000</u>
<p>6.1.1 This represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited after the merger of all the three exchanges of Pakistan in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of LSE Financial Services Ltd. (formerly LSE) after completion of the demutualization process.</p> <p>The notional value of TREC was Rs. 2,500,000 as per notice of PSX/N-7178 dated November 10, 2017.</p>			
<p>6.2 This represent cost of leasehold right to use room given by Pakistan Stock Exchange for indefinite useful life as per notice of LSE no. 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.</p>			
7 LONG-TERM INVESTMENTS - AVAILABLE FOR SALE			
LSE Financial Services Ltd. (formerly LSE) 843,975 (2018: 843,975) shares	7.1	<u>19,158,233</u>	<u>15,259,068</u>
7.1 Opening		15,259,068	14,887,719
Fair value adjustment		3,899,165	371,349
		<u>19,158,233</u>	<u>15,259,068</u>
<p>7.1.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a Stock Exchange had been segregated from the right to trade on the Exchange. Accordingly, the Company had received equity shares of LSE and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of LSE. The company's entitlement in respect of LSE's share is determined on the basis of valuation of assets and liabilities of LSE as approved by the SECP and the company had been allotted 843,975 shares of the face value of Rs. 10 each out of which 506,385 shares in the name of Chief Executive of the company are kept in blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.</p> <p>The Company has pledged / hypothecated 337,490 shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate as referred to note no. 6 to the financial statements.</p>			
8 LONG-TERM DEPOSITS AND PREPAYMENTS			
Central Depository Company of Pakistan (CDC)		100,000	100,000
National Clearing Company of Pakistan (NCCPL)		1,400,000	1,500,000
		<u>1,500,000</u>	<u>1,600,000</u>
<p>8.1 These are non-interest bearing deposits under statutory obligations.</p>			
9 TRADE DEBTS - Considered Good			
Trade receivable		<u>727,390</u>	<u>7,272,826</u>
<p>9.1 This includes trading account due from related party amounting to Rs. 20,968 (2018: Rs. Nil)</p> <p>9.2 The management believes that no impairment / provision is necessary in respect of trade debts as there are reasonable grounds to believe that amount will be recovered in the future.</p>			

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
10 SHORT TERM DEPOSITS			
Pakistan Stock Exchange Limited (PSX)		2,000,000	1,300,000
National Clearing Company of Pakistan (NCCPL)		-	700,000
Advance for purchase of vehicle		-	1,600,000
		<u>2,000,000</u>	<u>3,600,000</u>
11 SHORT TERM INVESTMENTS			
75,000 (2018: NIL) shares of Engro Fertilizers Limited		4,862,116	-
NIL (2018: 7,000) shares of Pakistan State Oil Company Limited		-	2,139,120
NIL (2018: 20,000) shares of Engro Corporation Limited		-	6,200,546
400,000 (2018: NIL) Lotte Chemical Pakistan Limited		6,507,000	-
20,000 (2018: NIL) Nishat Chunian		675,800	-
40,000 (2018: NIL) National Refinery Limited		4,304,600	-
25,000 (2018: NIL) Sui Northern Gas Pipelines Limited		1,690,000	-
		18,039,516	8,339,666
Fair value adjustment		(165,316)	165,704
Investment in listed securities		<u>17,874,200</u>	<u>8,505,370</u>
11.1 These represent investments in listed securities and have been classified as available for sale financial assets.			
12 CASH AND BANK BALANCES			
Cash in hand		70,212	70,212
Cash at bank:			
Broker's account - saving account		14,432,727	28,541,204
Client's account - saving account	12.1	41,761,214	46,839,932
		56,193,941	75,381,136
		<u>56,264,153</u>	<u>75,451,348</u>
12.1 The saving accounts carries markup ranging from 3% to 3.5% (2018: 3% to 3.5%) per annum.			
13 SHARE CAPITAL			
<i>Authorized share capital</i>			
3,500,000 (2018 : 3,500,000/-) ordinary shares of Rs 10/- each fully paid in cash		<u>35,000,000</u>	<u>35,000,000</u>
<i>Issued, subscribed and paid-up capital</i>			
3,500,000 (2018 : 2,500,000/-) ordinary shares of Rs 10/- each fully paid in cash		<u>35,000,000</u>	<u>25,000,000</u>
13.1 Pattern of share holding			
Name	Share holders	Number of shares held	Percentage
Arif Latif	Director	3,150,000	90.00%
Atif Latif	Director	175,000	5.00%
Adeel Arif	Director	175,000	5.00%
Total number of shares		<u>3,500,000</u>	<u>100%</u>
14 REVALUATION SURPLUS			
Opening balance		15,424,773	17,194,225
Trading Right Entitlement Certificate (TREC)		-	(2,500,000)
LSE Financial Services Limited (formerly LSE)	14.1	3,899,165	371,349
Revaluation profit / (loss) on short term investments	11	(165,316)	359,198
		<u>19,158,622</u>	<u>15,424,773</u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
14.1	The Pakistan Stock Exchange has revised the breakup value per share of LSE shares to Rs. 22.70/(2018: 18.08) share as per notice LSEFSL/6790 of LSE Financial Services Limited dated September 2, 2019, which has resulted in fair value adjustment at year end of Rs. 3,899,165/-		
15	<u>DIRECTORS' LOAN</u>	<u>4,461,699</u>	<u>13,261,699</u>
	This represents unsecured contractual loan injected by the Directors of the company at NIL mark up basis and is repayable upon the financial ease of the Company. The TR 32 specifies that the directors' loan which is interest free and repayable at the discretion of the entity does not pass the test of liability and thus, is to be recorded as equity at face value.		
16	<u>DEFERRED TAX</u>		
	<i>Deferred credits/ (debits) arising due to:</i>		
	Accelerated tax depreciation and revaluation of investment	16.1 <u>22,610</u>	<u>(29,998)</u>
16.1	Opening balance	(29,998)	15,270
	Movement during the year	7,388	(45,268)
	Closing balance	<u>(22,610)</u>	<u>(29,998)</u>
17	<u>TRADE AND OTHER PAYABLES</u>		
	Trade payables	17.1 34,499,171	54,133,655
	Accrued liabilities	17.2 1,162,752	1,755,440
	Other payables	-	-
		<u>35,661,923</u>	<u>55,889,094</u>
17.1	This includes trading account due to related parties amounting to Rs. 24,418,060/- (2018: 40,321,384)		
17.2	<u>ACCRUED LIABILITIES</u>		
	Audit fee payable	100,000	100,000
	Expenses payable	1,062,752	1,655,440
		<u>1,162,752</u>	<u>1,755,440</u>
18	<u>TAXATION-NET</u>		
	Opening (receivable) / payable	(1,290,047)	(148,534)
	Add: Tax paid / deducted during the year	(1,462,135)	(1,981,961)
		<u>(2,752,182)</u>	<u>(2,130,495)</u>
	Less: Provision for tax		
	Current	1,165,246	827,833
	Prior year	1,767,647	12,615
		<u>2,932,893</u>	<u>840,448</u>
	Closing (receivable) / payable	<u>180,711</u>	<u>(1,290,047)</u>
18.1	Numerical reconciliation between average effective tax rate and the applicable tax rate.		
	Applicable tax rate	% 25.00	% 25.00
	Effect of prior year taxation	68.15%	0.45%
	Effect of admissible / (Inadmissible) and FTR	44.93%	29.81%
	Effective tax rate	<u>113.08%</u>	<u>30.26%</u>
18.2	The provision for current year tax represent tax on taxable income at the rate of 25%. According to management, the tax provision made in the financial statements is sufficient.		

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
19 CONTINGENCIES AND COMMITMENTS			
CONTINGENCIES:			
There are no contingencies as at June 30, 2019 (2018: nil).			
COMMITMENTS:			
The company has lien the TRE certificate's Pakistan Stock Exchange and 337,590 number of shares with Pakistan Stock Exchange in compliance with Base Minimum Capital (BMC) requirement under the regulations governing risk management of PSX.			
20 REVENUE			
Gross commission		3,785,465	3,183,738
Sales tax on services		(522,133)	(439,136)
Net commission		<u>3,263,332</u>	<u>2,744,602</u>
Dividend income		982,488	616,987
		<u><u>4,245,820</u></u>	<u><u>3,361,589</u></u>
21 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and benefits	21.1	5,174,100	3,507,200
Legal and professional charges		505,200	529,250
Auditors' remuneration	21.2	110,000	100,000
Fee and subscription		423,814	144,469
Electricity		217,108	160,323
Rent, rates and taxes		328,673	109,537
Insurance		5,130	5,931
Communication expense		89,235	112,488
Entertainment expense		61,826	49,895
Postage		25,838	23,794
Travelling and conveyance		394,243	481,244
Depreciation	5	54,983	48,204
Audit oversight board		-	35,000
Miscellaneous		614,087	499,822
		<u><u>8,004,237</u></u>	<u><u>5,807,157</u></u>
21.1 Salaries, wages and benefits includes remuneration of chief executive and directors whose breakup is as follows:			
	Chief Executive	Director	
Managerial remuneration	761,500	1,794,000	
			<u><u>2,555,500</u></u>
Number of persons	1	2	
			<u><u>3</u></u>
21.2 AUDITORS' REMUNERATION			
Audit fee		82,500	75,000
Certification charges		27,500	25,000
		<u><u>110,000</u></u>	<u><u>100,000</u></u>
22 FINANCIAL CHARGES			
Bank charges		<u><u>5,997</u></u>	<u><u>11,086</u></u>

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
23 OTHER INCOME			
Bank profit		4,601,283	2,852,784
Service income		1,053,141	1,259,923
		<u>5,654,424</u>	<u>4,112,707</u>
24 PROVISION FOR TAXATION			
Current		1,165,246	827,833
Prior year		1,767,647	12,615
Deferred		7,388	(45,268)
		<u>2,940,281</u>	<u>795,180</u>
25 EARNING PER SHARE - BASIC			
Weighted average number of ordinary shares outstanding during the year		<u>3,166,666</u>	<u>2,500,000</u>
Profit after taxation		<u>(346,594)</u>	<u>1,982,048</u>
Earning per share - basic		<u>(0.11)</u>	<u>0.79</u>

25.1 Diluted earnings per share

No figure for diluted earning per share has been presented as the company has not issued any instrument carrying options which would have an impact on earning per share when exercised.

26 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 21.1. Other significant transactions with related parties are as follows:

Name and basis of relationship	Nature of transaction	Percentage of shareholding	2019	2018
i) Mr. Arif Latif - CEO / Director	Director's loan		-	-
	Trade debts	90.00%	-	-
	Trade payables		1,468,902	6,433,842
ii) Mrs. Seemi Arif Latif - Director's spouse	Trade payables	Nil	22,850,799	33,953,105
iii) Mr. Adeel Arif - Director	Trade receivable	5%	-	880,697
iv) Mr. Atif Arif - Director	Trade payables	5%	44,619	-
v) Mrs. Sobia Atif - Director's spouse	Trade payables	Nil	53,741	53,741

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
28 <u>NUMBER OF EMPLOYEES</u>			
Number of employees as at year end		<u>5</u>	<u>5</u>
Average number of employees during the year		<u>5</u>	<u>5</u>

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

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors.

30 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Corresponding figures, where necessary, have been rearranged for the purpose of comparison.

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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	2019	2018
Financial assets:						
Long term investment	-	-	-	19,158,233	19,158,233	15,259,068
Long term deposits	-	-	-	1,500,000	1,500,000	1,600,000
Short term deposits	-	-	2,000,000	-	2,000,000	3,600,000
Trade debts - considered good	-	-	727,390	-	727,390	7,272,826
Short term investments	-	-	17,874,200	-	17,874,200	8,505,370
Cash and bank balances	-	56,193,941	70,212	-	56,264,153	75,451,348
	-	56,193,941	20,671,802	20,658,233	97,523,976	111,688,612
Financial liabilities:						
Trade and other payables	-	-	35,661,923	-	35,661,923	55,889,094
Loan from directors	-	-	-	4,461,699	4,461,699	13,261,699
	-	-	35,661,923	4,461,699	40,123,622	69,150,793

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.

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:

	2019	2018
	<u>Carrying</u>	<u>Carrying</u>
Trade and other payables	35,661,923	55,889,094

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, 2018 and June 30, 2017 are as follows:-

	2019	2018
	RUPEES	RUPEES
Total borrowing	4,461,699	13,261,699
Cash and bank balances	56,264,153	75,451,348
Net debt	(51,802,454)	(62,189,649)
Total equity	64,990,322	60,403,066
Total capital	13,187,868	(1,786,583)
Gearing ratio	(3.93)	34.81

27.6 Fair value of financial instruments

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