

**INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL  
BALANCE**

**TO THE CHIEF EXECUTIVE OFFICER OF M/S ARIF LATIF SECURITIES (PVT.)  
LIMITED (the Securities Broker)**

**Opinion**

We have audited the Statement of Net Capital Balance of Arif Latif Securities (Pvt.) Limited (the Securities Broker) and notes to the Statement of Net Capital Balance as at June 30, 2021 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2021 is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

**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 Statement* section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter - Basis of Accounting and Restriction on Distribution**

We draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the Arif Latif Securities (Pvt.) Limited (the Securities Broker) to meet the requirements of the SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the statement may not be suitable for another purpose. Our report is intended solely for Arif Latif Securities (Pvt.) Limited (the Securities Broker), SECP, PSX and NCCPL and should not be distributed to parties other than Arif Latif Securities (Pvt.) Limited (the Securities Broker) or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

**Responsibilities of Management and Those Charged with Governance for the Statement**

Management is responsible for the preparation of the statement in accordance with the Regulations and the SEC Rules 1971, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance is responsible for overseeing the Securities Broker's financial reporting process.

**Auditor's Responsibilities for the Audit of the Statement**

Our objectives are to obtain reasonable assurance about whether the statement is 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

# Ilyas Saeed & Co.

Chartered Accountants

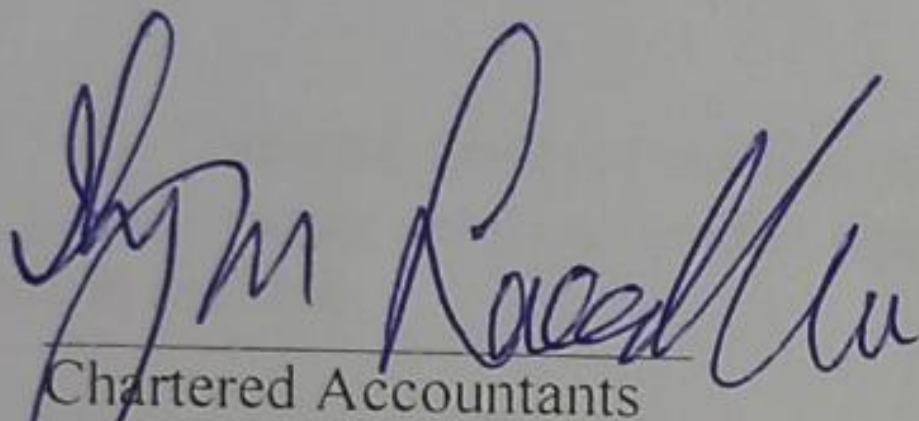
accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

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

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

We communicate with those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Ilyas (FCA)**.



Chartered Accountants

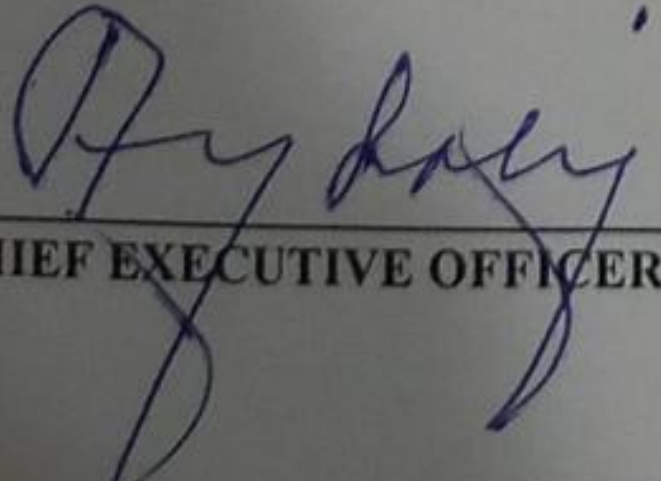
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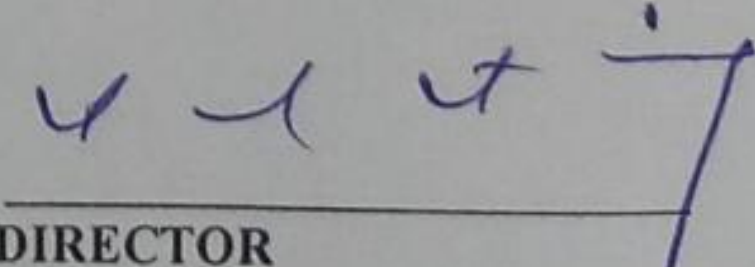
**ARIF LATIF SECURITIES (PVT) LIMITED**  
**Calculation of Net Capital**  
**As at June 30, 2021**

DESCRIPTION	VALUATION BASIS	RUPEES
<b><u>CURRENT ASSETS</u></b>		
Cash in hand or in bank	As per book value	
Cash in hand		70,212
Cash at bank		
- Broker's account		26,463,134
- Client's account		101,429,761
Total Bank Balances		127,892,895
Total cash and bank balances		127,963,107
Trade receivables	Book value	18,824,350
	Less: Overdue for more than 14 days	(347,225)
	Book Value less provision against receivables	18,477,125
Investment in Listed Securities in the name of broker	Market Value	2,316,000
	Less: securities in exposure list marked to market less 15% discount	(347,400)
		1,968,600
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 less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 5% discount	-
FIBs	Marked to market less 5% discount	-
Treasury Bill	At market value	-
<b>TOTAL CURRENT ASSETS</b>		<b>148,408,832</b>
<b><u>CURRENT LIABILITIES</u></b>		
Trade payables	As per book values	86,257,290
	Less: Overdue for more than 30 days	(37,044,404)
		49,212,886
<b>Other Liabilities</b>	As per book values	
Other liabilities	Trade creditors (More than 30 days)	37,044,404
Accrued expenses		1,011,629
<b>TOTAL LIABILITIES</b>		<b>87,268,919</b>
<b>NET CAPITAL BALANCE AS AT JUNE 30, 2021</b>		<b>61,139,913</b>

Note: The Third Schedule to the Securities and Exchange Rules, 1971 "Requirements for Calculation of Net Capital For Purpose of Rule 2(d)", provides that "current assets and current liabilities in relation to member of a Stock Exchange for the purpose of net capital shall be determined by accounting for the current assets and current liabilities". Accordingly, for the purpose of determining the "Net Capital" all the current assets and current liabilities of the Company, including advances, deposits, prepayments and other receivables have been taken into consideration.

  
 CHIEF EXECUTIVE OFFICER



  
 DIRECTOR

**ARIF LATIF SECURITIES (PVT.) LIMITED**  
**Notes to the Net Capital Balance**  
**As At June 30, 2021**

**1 STATUS AND NATURE OF BUSINESS**

Arif Latif Securities (Private) Limited was incorporated as private limited company on February 10, 2014 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 STATEMENT OF COMPLIANCE / BASIS OF PREPARATION**

This statement has been prepared to meet the specific requirements contained in Regulation 6.3 of the Securities Brokers (Licensing & Operations) Regulations, 2016. The statement has been prepared in accordance with the guidelines given in the Third Schedule of the Securities Brokers (Licensing & Operations) Regulations, 2016 read with Rule 2(d) of the Securities Exchange Commission Rules, 1971 and thus comply with the requirements contained therein.

	Note	2021 <u>RUPEES</u>
<b>3 CASH IN HAND OR IN BANK</b>		
Cash in hand		70,212
Cash at bank		
- Broker's account		26,463,134
- Client's account		101,429,761
		127,963,107
<b>4 TRADE RECEIVABLES</b>		
Book value		18,824,350
Less: Overdue for more than 14 days		(347,225)
		18,477,125
<b>5 INVESTMENTS IN LISTED SECURITIES IN THE NAME OF BROKER</b>		
Market Value		2,316,000
Less: securities in exposure list marked to market less 15% discount		(347,400)
		1,968,600

*Arif Latif*



*Arif Latif*

6 TRADE PAYBALES

As per book values  
Less: Overdue for more than 30 days

86,257,290
(37,044,404)

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49,212,886

7 OTHER LIABILITIES

Trade creditors (More than 30 days)

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37,044,404

8 ACCRUED EXPENSES

Director Salary  
Auditors Fee  
CDC  
Salary Payable-Saleem  
Tax Counsoltant  
FED

600,000
131,000
53,508
86,000
50,400
90,721

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1,011,629

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CHIEF EXECUTIVE OFFICER



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DIRECTOR

12-4 AUG 2021