

ARIF LATIF SECURITIES (PRIVATE) LIMITED
AUDIT FOR THE YEAR ENDED JUNE 30, 2019
CALCULATION OF MATERIALITY

REF: B 10(4)

Balance Sheet

| | | | | |
|----------------|-----|-------------------|-----|--------------------|
| Assets | | | Rs. | <u>120,962,603</u> |
| Liabilities | Rs. | <u>50,773,583</u> | | |
| Owners' Equity | Rs. | <u>58,620,321</u> | Rs. | <u>109,393,904</u> |

Income Statement

| | | | | |
|-----------------------|--|--|-----|--------------------|
| Total Revenues | | | Rs. | <u>2,992,748</u> |
| Cost of Sales | | | Rs. | <u>-</u> |
| Gross Profit | | | Rs. | 2,992,748 |
| Operating expenses | | | Rs. | <u>(8,290,034)</u> |
| Other income | | | | 3,712,793 |
| Finance cost | | | | (7,250) |
| Other charges | | | | - |
| Net Income Before Tax | | | Rs. | (1,591,742) |
| Income Tax | | | Rs. | <u>-</u> |
| Net Income After Tax | | | Rs. | <u>(1,591,742)</u> |

The single rule method would involve the auditor selecting one of the four following materiality amounts:

| <u>Single Rule</u> | <u>Computation</u> | <u>Materiality Amount</u> |
|----------------------|----------------------|---------------------------|
| 5% of pre-tax income | 5% x Rs. (1,591,742) | Rs. (79,587) |
| ½% of total assets | ½% x Rs. 120,962,603 | Rs. 604,813 |
| 1% of equity | 1% x Rs. 58,620,321 | Rs. 586,203 |
| ½% of total revenues | ½% x Rs. 2,992,748 | Rs. 14,964 |
| | | <u>1,126,393</u> |

The average or blending method using the single rules previously given would involve the following computation:

Average Method

(5% of pre-tax income + 1/2% of total assets + 1 % of equity + 1/2% of total revenues) /4

Computation

(Rs. -79587.113 + Rs. 604813.015 + Rs. 586203.21 + Rs. 14963.7407) /4 = Rs. 281598.213175

Materiality 325,000

ARIF LATIF SECURITIES (PRIVATE) LIMITED
ADJUSTING ENTRIES
AS AT JUNE 30, 2019

| Sr.no | Account Head | Debit | Credit |
|--|---|-----------|-----------|
| | | | |
| 1 | Depreciation | 29,538 | |
| | Accumulated Depreciation- Furniture | | 29,538 |
| | Accumulated Depreciation- Computer Equipment | | |
| | Accumulated Depreciation- Office Equipment | | |
| Depreciation Less Recorded | | | |
| | | | |
| 2 | Accrued Liability | 100,000 | |
| | Audit Fee Payable | | 100,000 |
| Recorded in the wrong account | | | |
| | | | |
| 3 | Audit Fee | 110,000 | |
| | Tax Consultant Fee | | 110,000 |
| Recorded in the wrong account | | | |
| | | | |
| 4 | Service Income | 17,437 | |
| | Bank Profit | | 17,437 |
| Recorded in the wrong account | | | |
| | | | |
| 5 | Long term Investment (843,945 Shares @ 22.70) | 3,899,165 | |
| | Revaluation Surplus | | 3,899,165 |
| Increase in fair value of Long term investment at the year ended | | | |
| | | | |
| 6 | Revaluation Surplus | 165,316 | |
| | Arif latif securities Investment | | 165,316 |
| Decrease in fair value of short term investment at the year ended | | | |
| | | | |
| 7 | Reversal of Deferred Tax Asset | 7,388 | |
| | Deferred Tax Asset | | 7,388 |
| Reversal of Deferred Tax Asset | | | |
| | | | |
| 8 | Prior period | 744,656 | |
| | Provision for taxation | | 744,656 |
| | | | |
| 9 | Advance Tax on Purchases of shares | 427,959 | |
| | MB LAGA | | 427,959 |
| | | | |
| 10 | Advance Tax on Sales of shares | 432,906 | |
| | MB LAGA | | 432,906 |
| | | | |
| 11 | WHT on Cashwithdrawals | 968 | |
| | Bank Charges | | 968 |
| | | | |
| 12 | Advance tax on telephone | 5,215 | |
| | Communication Expense | | 5,215 |
| | | | |
| | | | |

| | | | |
|--|--------------|------------------|------------------|
| | Total | 5,940,548 | 5,940,548 |
|--|--------------|------------------|------------------|

Arif Latif Securities Private Limited

For the year ended December 31, 2019

(1,165,246) 6,076,489

| | Particulars | Opening trial | | Movements | | Adjustments | | Adjusted Trial Balance | |
|----------|---|---------------|------------|-----------|---------|-------------|-----|------------------------|------------|
| | | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. |
| | | - | - | | | | | - | - |
| AA AA001 | SHARE CAPITAL | - | 35,000,000 | - | - | | | - | 35,000,000 |
| AB AB001 | Retained earning | - | 6,370,001 | | | | | - | 6,370,001 |
| | Reserves | - | - | | | | | - | - |
| AB AB004 | Revaluation surplus | - | 19,158,620 | - | - | | | - | 19,158,620 |
| | Fixed Assets | - | - | | | | | - | - |
| | | - | - | | | | | - | - |
| DA DA004 | Furniture and fittings | 53,479 | - | | | | | 53,479 | - |
| DA DA001 | Computer equipment | 278,347 | - | | | | | 278,347 | - |
| DA DA005 | Office equipment | 194,936 | - | | | | | 194,936 | - |
| | | - | - | | | | | - | - |
| | Accumulated depreciation | - | - | | | | | - | - |
| | | - | - | | | | | - | - |
| DA DA004 | Furniture and fittings | - | 25,562 | | | | | - | 25,562 |
| DA DA001 | Computer equipment | - | 145,696 | | | | | - | 145,696 |
| DA DA005 | Office equipment | - | 69,134 | | | | | - | 69,134 |
| | | - | - | | | | | - | - |
| | LONG-TERM DEPOSITS | - | - | | | | | - | - |
| EA DA008 | Central Depository Company of Pakistan (CDC) | 100,000 | - | | 100,000 | | | - | - |
| EA DA014 | National Clearing Company of Pakistan (NCCPL) | 800,000 | - | | 800,000 | | | - | - |
| EA DA014 | Pakistan Stock Exchange Limited (PSX) | 200,000 | - | | 200,000 | | | - | - |
| EA DA016 | Advance against vehicle | - | - | | | | | - | - |
| | | - | - | | | | | - | - |
| | INTANGIBLE | - | - | | | | | - | - |
| EA DA009 | Trading Right Entitlement Certificate (TREC) | 2,500,000 | - | | | | | 2,500,000 | - |
| EA DA009 | Rights to use room | 500,000 | - | | | | | 500,000 | - |
| | | - | - | | | | | - | - |

| | Particulars | Opening trial | | Movements | | Adjustments | | Adjusted Trial Balance | |
|----------|----------------------------------|---------------|------------|------------|------------|-------------|-----|------------------------|------------|
| | | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. |
| EA DA013 | Long term investments | 19,158,233 | - | | | | | 19,158,233 | - |
| FA 001B | PSX Deposit Future DFC | - | - | 21,800,000 | | | | 21,800,000 | - |
| FA 001A | PSX Deposit | 2,000,000 | - | 1,000,000 | | | | 3,000,000 | - |
| EA DA006 | NCCPL Deposit | 400,000 | - | | 400,000 | | | - | - |
| | | - | - | | | | | - | - |
| FA 002 | Loan From director | - | 4,461,699 | - | - | | | - | 4,461,699 |
| | | - | - | | | | | - | - |
| | PSX Future expense | - | - | | | | | - | - |
| | Fair Trade capital | - | - | | | | | - | - |
| FA 009 | Mrs Sobia atif | - | 53,741 | | | | | - | 53,741 |
| FA 012 | Arif Latif Securities investment | 17,874,200 | - | | 18,613,964 | | | - | 739,764 |
| FA 013 | Atif arif | - | 44,619 | | 1,476,937 | | | - | 1,521,556 |
| FA 014 | seemi arif latif | - | 22,850,799 | 8,153,245 | | | | - | 14,697,554 |
| FA 018 | Arif latif | - | 1,468,902 | | | | | - | 1,468,902 |
| FA 018A | Arif latif Future exposure | - | - | | | | | - | - |
| FA 023 | Adeel arif | 20,968 | - | | | | | 20,968 | - |
| FA 082 | Lubna ravid | - | 0 | | | | | - | 0 |
| FA 133 | Rizwan raziq | - | 6,592 | | | | | - | 6,592 |
| FA 162 | M.Nadeem | - | 125,424 | | | | | - | 125,424 |
| FA 554 | Bilal Ahmed | - | 226,647 | | | | | - | 226,647 |
| FA 213 | Maqsood Ahmed | 74,304 | - | | | | | 74,304 | - |
| FA 246 | Shehzad Hassan | - | - | | | | | - | - |
| FA 377 | Waqas Majid | 1,500 | - | | | | | 1,500 | - |
| | Haris hassan Seyed | 0 | - | | | | | 0 | - |
| FA 457 | Shan Ahmed | - | 55,719 | | | | | - | 55,719 |
| FA 461 | Humera hammad | - | - | | | | | - | - |
| FA 479 | Usman Mehmood | 0 | - | | | | | 0 | - |
| FA 482 | Adeel Ahmed Khan | - | - | | | | | - | - |
| FA 487 | Omer Ahmed | - | 49,889 | | | | | - | 49,889 |
| FA 490 | Mehmood Ahmed | 70 | - | | | | | 70 | - |
| FA 494 | Hassan Mehmood | - | 35,283 | | | | | - | 35,283 |
| FA 501 | Muhammed Idrees | 68,839 | - | | | | | 68,839 | - |
| FA 504 | M.Nadeem | - | 1,787 | | | | | - | 1,787 |
| FA 521 | Hunaid Muhammed Qasim | 1,858 | - | | | | | 1,858 | - |
| FA 528 | Muhammed Sarwar Khawaja | - | 723,545 | | | | | - | 723,545 |
| FA 529 | Irafan ur rehman Raja | 214 | - | | | | | 214 | - |
| FA 530 | Ahmed Nadeem | - | 74,232 | | | | | - | 74,232 |
| FA 531 | Tabsum Zahoor | - | 578,974 | | | | | - | 578,974 |
| FA 555 | M. Usama Mazhar | - | 0 | | | | | - | 0 |
| FA 556 | Asad Elahi | - | 10,686 | | | | | - | 10,686 |
| FA 558 | M. Zia ul Haq | 1,073 | - | | | | | 1,073 | - |
| FA 535 | M.Imtaiaz Hassan | 10 | - | | | | | 10 | - |
| FA 538 | Rana Azmat ali khan | - | 262,631 | | | | | - | 262,631 |
| FA 541 | Shaukat hussain javed | - | 501,426 | | | | | - | 501,426 |

| | Particulars | Opening trial | | Movements | | Adjustments | | Adjusted Trial Balance | |
|----------|-----------------------------------|---------------|-----------|-----------|-----------|-------------|-----|------------------------|-----------|
| | | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. |
| FA 542 | hussain abdul rehman | - | 25,703 | | | | | - | 25,703 |
| FA 545 | M.Amin | - | 636 | | | | | - | 636 |
| FA 547 | M Asim | - | 87,075 | | | | | - | 87,075 |
| FA 549 | M Irfan | 557,420 | - | | | | | 557,420 | - |
| FA 550 | AHMAD PARVAIZ RATTU | - | 45,512 | | | | | - | 45,512 |
| FA 551 | Zafar Hussain | - | 1 | | | | | - | 1 |
| FA 552 | FAZAL MUHAMMAD FIRDOUSI | - | 10,598 | | | | | - | 10,598 |
| FA 559 | MUSHTAQ AHMAD | 1,134 | - | | | | | 1,134 | - |
| FA 560 | USMAN GHANI FAIZI | - | 566,283 | | | | | - | 566,283 |
| FA HF | HOUSE FUTURE | - | - | | | | | - | - |
| FA 548 | Sabir hussain | - | - | | | | | - | - |
| | Commision refund | - | - | | | | | - | - |
| | Website charges | - | - | | | | | - | - |
| FA NCS | N.C.S | - | 6,692,470 | | | | | - | 6,692,470 |
| | | - | - | | | | | - | - |
| CA FED | FED | 1 | - | | | | | 1 | - |
| CA CDC | CDC | - | - | | | | | - | - |
| CA CGT | CGT | - | - | | | | | - | - |
| | | - | - | | | | | - | - |
| FE M0038 | Accrued liability | - | 1,062,752 | 1,052,352 | | | | - | 10,400 |
| | Audit fee payable | - | 100,000 | 100,000 | | | | - | - |
| | | - | - | | | | | - | - |
| EA M0052 | Tax payable/ Refundable | - | 477,600 | | | | | - | 477,600 |
| | | | | | | | | | |
| | W.H.Tax Telephone & Mobile | 5,215 | - | | | | | 5,215 | - |
| ME M0041 | Tax On Dividend | 147,373 | - | 115,152 | | | | 262,525 | - |
| | Wht On Cheques | - | - | | | | | - | - |
| | Advance Tax Paid On Services | - | - | | | | | - | - |
| MM M0055 | Tax On Finance Bank Profit | 447,714 | - | | | | | 447,714 | - |
| | Tax On Bonus Shares | - | - | | | | | - | - |
| | Advance Tax Paid On Purchases | 427,959 | - | | | | | 427,959 | - |
| | Advance Tax Paid On Sale | 432,906 | - | | | | | 432,906 | - |
| | Tax On Cash Withdrawl | 968 | - | | | | | 968 | - |
| | | | | | | | | | |
| FE M0053 | Deferred taxation | 22,610 | - | | - | | | 22,610 | - |
| | | - | - | | | | | - | - |
| | | - | - | | | | | - | - |
| | Cash and bank balances | - | - | | | | | - | - |
| | | - | - | | | | | - | - |
| FZ FZ001 | Cash in hand | 70,212 | - | | | | | 70,212 | - |
| FZ FZ014 | Broker's account | 14,432,727 | - | | 1,482,858 | | | 12,949,868 | - |
| FZ FZ013 | Client's account | 41,761,214 | - | | 3,481,347 | | | 38,279,867 | - |
| 01-08 | ARIF LATIF SEC CLIENT A/C MCB LSE | - | - | 1,700 | | | | 1,700 | - |
| 01-09 | ARIF LATIF SEC HOUSE A/C MCB LSE | - | - | 668,102 | | | | 668,102 | - |

| | Particulars | Opening trial | | Movements | | Adjustments | | Adjusted Trial Balance | |
|----------|--------------------------|---------------|-------------|------------|------------|-------------|-----|------------------------|-------------|
| | | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. |
| MM M0026 | Computer Expenses | | | | | | | - | - |
| MM M0032 | Psx Fee | | | | | | | - | - |
| MM M0035 | Lsc - Property Tax | | | | | | | - | - |
| MM M0058 | Annual Subscription Trec | | | | | | | - | - |
| | Ups Expence | | | | | | | - | - |
| | Air Conditioner Expence | | | | | | | - | - |
| MM M0076 | Car Parking | | | | | | | - | - |
| MM M0079 | Lsc Financial Services | | | | | | | - | - |
| | Audit Oversight Board | | | | | | | - | - |
| MM NCCPL | Nccpl Charges | | | | | | | - | - |
| | Bad Debts | | | | | | | - | - |
| MM M0070 | Web Developer Charges | | | | | | | - | - |
| | Reversal of Deffered Tax | | | | | | | - | - |
| ME M0085 | Prior Year | | | | | | | - | - |
| OA M0019 | Bank Charges | | | 7,250 | | | | 7,250 | - |
| MM M0084 | Depreciation Expense | | | | | | | - | - |
| MM M0068 | Kits It Charges Annual | | | | | | | - | - |
| | | - | - | | | | | - | - |
| | | 102,535,483 | 101,370,237 | 39,337,137 | 33,260,648 | - | - | 108,228,617 | 100,986,882 |

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 RUPEES |
|--------------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 444,370 | 286,370 |
| Intangible | 6 | 3,000,000 | 3,000,000 |
| Long-term investments | 7 | 19,158,233 | 19,158,233 |
| Long-term deposits and prepayments | 8 | 1,500,000 | 1,500,000 |
| Deferred taxation | 16 | 22,610 | 22,610 |
| | | 24,125,213 | 23,967,213 |
| CURRENT ASSETS | | | |
| Trade debts - considered good | 9 | 3,614,146 | 727,390 |
| Short term deposits | 10 | 24,800,000 | 2,000,000 |
| Short term investments | 11 | 1,887,400 | 17,874,200 |
| Taxation-net | 18 | - | - |
| Cash and bank balances | 12 | 66,535,844 | 56,264,153 |
| | | 96,837,390 | 76,865,743 |
| TOTAL ASSETS | | 120,962,603 | 100,832,956 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 13 | 35,000,000 | 35,000,000 |
| Unappropriated profit | | 11,387,988 | 6,370,001 |
| | | 35,000,000 | 41,370,001 |
| Revaluation surplus | 14 | 19,158,622 | 19,158,622 |
| Directors' loan | 15 | 4,461,699 | 4,461,699 |
| NON-CURRENT LIABILITIES | | | |
| Deferred taxation | 16 | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 17 | 50,773,583 | 35,661,923 |
| Taxation | 18 | 180,711 | 180,711 |
| CONTINGENCIES AND COMMITMENTS | 19 | - | - |
| TOTAL EQUITY AND LIABILITIES | | 109,574,615 | 100,832,956 |

The annexed notes 1 to 31 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 PERIOD ENDED DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 RUPEES |
|--|-----------|--------------------|--------------------|
| REVENUE | 20 | 2,992,748 | 4,245,820 |
| EXPENSES | | | |
| Administrative and general expenses | 21 | (8,546,349) | (8,004,237) |
| Profit / (loss) on sale of investment | | 263,565 | 703,678 |
| Operating loss | | <u>(5,290,036)</u> | <u>(3,054,739)</u> |
| Financial charges | 22 | (7,250) | (5,997) |
| Other income | 23 | 3,712,793 | 5,654,424 |
| Profit before taxation | | <u>(1,584,492)</u> | <u>2,593,688</u> |
| Provision for taxation | 24 | - | (2,940,281) |
| (Loss) / profit after taxation | | <u>(1,584,492)</u> | <u>(346,594)</u> |
| Other comprehensive income | | | |
| Items that may be reclassified to profit and loss account subsequently | | | |
| Trading Right Entitlement Certificate (TREC) | 14 | - | - |
| Fair value gain / loss on remeasurement of short term investment | 14 | - | (165,316) |
| Fair value gain / loss on remeasurement of long term investment | 14 | - | 3,899,165 |
| Items that may not be reclassified to profit and loss account subsequently | | | |
| Total comprehensive income for the year | | <u>(1,584,492)</u> | <u>3,387,255</u> |
| Earning per share - basic | 25 | <u>(0.50)</u> | <u>(0.11)</u> |

The annexed notes 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2019

| | Dec-19 RUPEES | Jun-18 RUPEES |
|--|-------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | (1,584,492) | 2,593,688 |
| <i>Adjustment for non cash items:</i> | | |
| Dividend income | (767,680) | (982,488) |
| Financial charges | 7,250 | 5,997 |
| Depreciation for the year | - | 54,983 |
| | (760,430) | (921,507) |
| Changes in working capital | | |
| <i>(Increase)/ decrease in current assets</i> | | |
| Trade debts - considered good | (2,886,756) | 6,545,436 |
| Short term deposits | (22,800,000) | 1,600,000 |
| Short term investments | 15,986,800 | (9,534,146) |
| | (9,699,956) | (1,388,710) |
| <i>Increase / (decrease) in current liabilities</i> | | |
| Trade and other payables | 15,111,660 | (20,227,171) |
| Net cash inflow / (outflow) from operations | <u>3,066,781</u> | <u>(19,943,701)</u> |
| Income tax paid | (1,577,287) | (1,462,135) |
| Finance charges paid | (7,250) | (5,997) |
| | (1,584,537) | (1,468,132) |
| Net cash inflow / (outflow) from operating activities | <u>1,482,244</u> | (21,411,833) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | (158,000) | (57,850) |
| Long term deposit | - | 100,000 |
| Dividend income | 767,680 | 982,488 |
| Net cash (outflow) / inflow from investing activities | <u>609,680</u> | 1,024,638 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Directors' Loan | - | (8,800,000) |
| Issuance of shares | - | 10,000,000 |
| Net cash flow from financing activities | <u>-</u> | 1,200,000 |
| Net increase / (decrease) in cash and cash equivalents | 2,091,924 | (19,187,195) |
| Cash and cash equivalents at beginning of the year | 56,264,153 | 75,451,348 |
| Cash and cash equivalents at end of the year | <u>58,356,077</u> | <u>56,264,153</u> |

The annexed notes 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE _____

DIRECTOR _____

ARIF LATIF SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2019

| Particulars | Share capital | Unappropriated profit | Revaluation surplus | Directors' loan | Total |
|---|----------------------|------------------------------|----------------------------|------------------------|--------------------|
| -----RUPEES----- | | | | | |
| Balance as at June 30, 2018 | 25,000,000 | 6,716,594 | 15,424,772 | 13,261,699 | 60,403,065 |
| Total comprehensive income 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 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 |
| Total comprehensive income/(Loss) for the year | - | (1,584,492) | - | - | (1,584,492) |
| Issue of share capital | - | - | - | - | - |
| Repayment of loan | - | - | - | - | - |
| Revaluation (deficit)/Surplus | - | - | - | - | - |
| Balance as at December 31, 2019 | 35,000,000 | 4,785,508 | 19,158,621 | 4,461,699 | 63,405,829 |

The annexed notes 1 to 31 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 DECEMBER 31, 2019****5 PROPERTY, PLANT AND EQUIPMENT**

| Particulars | Dec-19 | | | | | | | |
|------------------------|-------------------|---------------------------|--------------------|-------------------|----------------|--------------|--------------------|---------------------------|
| | Cost | | | | Rate % | Depreciation | | WDV As at 31-Dec-19 |
| | As at 1-Jul-19 | Additions/ (deletions) | As at 31-Dec-19 | As at 1-Jul-19 | | For the year | As at 31-Dec-19 | |
| Furniture and fittings | 53,479 | - | 53,479 | 10 | 25,561 | - | 25,561 | 27,918 |
| Computer equipment | 278,347 | - | 278,347 | 30 | 145,697 | - | 145,697 | 132,650 |
| Office equipment | 194,936 | 158,000 | 352,936 | 10 | 69,134 | - | 69,134 | 283,802 |
| Total | 526,762 | 158,000 | 684,762 | | 240,392 | - | 240,392 | 444,370 |

| Particulars | Jun-19 | | | | | | | |
|------------------------|-------------------|---------------------------|--------------------|-------------------|----------------|---------------|--------------------|---------------------------|
| | 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 |

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 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 | 2,500,000 |
| Fair value adjustment | | - | - |
| | | <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>19,158,233</u> |
| 7.1 Opening | | 19,158,233 | 15,259,068 |
| Fair value adjustment | | - | 3,899,165 |
| | | <u>19,158,233</u> | <u>19,158,233</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 |
| National Clearing Company of Pakistan (NCCPL) | | - | 1,400,000 |
| | | <u>-</u> | <u>1,500,000</u> |
| <p>8.1 These are non-interest bearing deposits under statutory obligations.</p> | | | |
| 9 TRADE DEBTS - Considered Good | | | |
| Trade receivable | | <u>3,614,146</u> | <u>727,390</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 DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 RUPEES |
|--|----------------------|------------------------------|-------------------|
| 10 SHORT TERM DEPOSITS | | | |
| Pakistan Stock Exchange Limited (PSX) | | 3,000,000 | 2,000,000 |
| National Clearing Company of Pakistan (NCCPL) | | 21,800,000 | - |
| | | <u>24,800,000</u> | <u>2,000,000</u> |
| 11 SHORT TERM INVESTMENTS | | | |
| 75,000 (2018: NIL) shares of Engro Fertilizers Limited | | - | 4,862,116 |
| 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 |
| 10,000 (2018: NIL) Searle Pak | | 1,887,400 | - |
| 25,000 (2018: NIL) Sui Northern Gas Pipelines Limited | | - | 1,690,000 |
| | | 1,887,400 | 18,039,516 |
| Fair value adjustment | | - | (165,316) |
| Investment in listed securities | | <u>1,887,400</u> | <u>17,874,200</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 | | 13,617,971 | 14,432,727 |
| Client's account - saving account | 12.1 | 38,281,566 | 41,761,214 |
| | | 51,899,537 | 56,193,941 |
| Investment in T-bills | | 14,566,095 | - |
| | | <u>66,465,632</u> | <u>56,193,941</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>35,000,000</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 | | 19,158,622 | 15,424,773 |
| Trading Right Entitlement Certificate (TREC) | | - | - |
| LSE Financial Services Limited (formerly LSE) | 14.1 | - | 3,899,165 |
| Revaluation profit / (loss) on short term investments | 11 | - | (165,316) |
| | | <u>19,158,622</u> | <u>19,158,622</u> |

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 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>4,461,699</u> | <u>4,461,699</u> |
| <p>15 DIRECTORS' LOAN</p> <p>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.</p> | | | |
| 16 | | | |
| 16 DEFERRED TAX | | | |
| <i>Deferred credits/ (debits) arising due to:</i> | | | |
| | 16.1 | <u>47,052</u> | <u>22,610</u> |
| Accelerated tax depreciation and revaluation of investment | | | |
| 16.1 | | (22,610) | (29,998) |
| Opening balance | | | |
| | | - | 7,388 |
| Movement during the year | | | |
| | | <u>(22,610)</u> | <u>(22,610)</u> |
| Closing balance | | | |
| 17 | | | |
| 17 TRADE AND OTHER PAYABLES | | | |
| | | 28,973,583 | 34,499,171 |
| Trade payables | | | |
| | 17.1 | 10,400 | 1,162,752 |
| Accrued liabilities | | | |
| | | - | - |
| Other payables | | | |
| | | 21,800,000 | - |
| Arif Latif Securities Future Exposure | | | |
| | | <u>50,783,983</u> | <u>35,661,923</u> |
| 17.1 | | | |
| 17.1 ACCRUED LIABILITIES | | | |
| | | - | 100,000 |
| Audit fee payable | | | |
| | | 10,400 | 1,062,752 |
| Expenses payable | | | |
| | | <u>10,400</u> | <u>1,162,752</u> |
| 18 | | | |
| 18 TAXATION-NET | | | |
| | | 180,711 | (1,290,047) |
| Opening (receivable) / payable | | | |
| | | (1,577,287) | (1,462,135) |
| Add: Tax paid / deducted during the year | | | |
| | | <u>(1,396,576)</u> | <u>(2,752,182)</u> |
| Less: Provision for tax | | | |
| | | - | 1,165,246 |
| Current | | | |
| | | - | 1,767,647 |
| Prior year | | | |
| | | - | 2,932,893 |
| Closing (receivable) / payable | | | |
| | | <u>(1,396,576)</u> | <u>180,711</u> |
| 18.1 | | | |
| 18.1 Numerical reconciliation between average effective tax rate and the applicable tax rate. | | | |
| | | % | % |
| | | 25.00 | 25.00 |
| Applicable tax rate | | | |
| | | 0.00% | 68.15% |
| Effect of prior year taxation | | | |
| | | 0.00% | 44.93% |
| Effect of admissible / (Inadmissible) and FTR | | | |
| | | <u>0.00%</u> | <u>113.08%</u> |
| Effective tax rate | | | |
| 18.2 | | | |
| 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 DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 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 | | 2,581,079 | 3,785,465 |
| Sales tax on services | | <u>(356,011)</u> | <u>(522,133)</u> |
| Net commission | | 2,225,068 | 3,263,332 |
| Dividend income | | 767,680 | 982,488 |
| | | <u>2,992,748</u> | <u>4,245,820</u> |
| 21 ADMINISTRATIVE AND GENERAL EXPENSES | | | |
| Salaries, wages and benefits | 21.1 | 6,161,600 | 5,174,100 |
| Legal and professional charges | | 231,370 | 505,200 |
| Auditors' remuneration | 21.2 | - | 110,000 |
| Fee and subscription | | 1,569,777 | 423,814 |
| Electricity | | 123,405 | 217,108 |
| Rent, rates and taxes | | 239,836 | 328,673 |
| Insurance | | 4,221 | 5,130 |
| Communication expense | | 37,900 | 89,235 |
| Entertainment expense | | 145,152 | 61,826 |
| Postage | | 8,888 | 25,838 |
| Travelling and conveyance | | - | 394,243 |
| Depreciation | 5 | - | 54,983 |
| Miscellaneous | | 24,200 | 614,087 |
| | | <u>8,546,349</u> | <u>8,004,237</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>2,555,500</u> |
| Number of persons | 1 | 2 | <u>3</u> |
| | | | <u>3</u> |
| 21.2 AUDITORS' REMUNERATION | | | |
| Audit fee | | 82,500 | 82,500 |
| Certification charges | | 27,500 | 27,500 |
| | | <u>110,000</u> | <u>110,000</u> |
| 22 FINANCIAL CHARGES | | | |
| Bank charges | | <u>7,250</u> | <u>5,997</u> |

ARIF LATIF SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 RUPEES |
|--|------|--------------------|------------------|
| 23 OTHER INCOME | | | |
| Bank profit | | 3,149,087 | 4,601,283 |
| Service income | | 300,141 | 1,053,141 |
| Profit on Investment | | 263,565 | - |
| | | <u>3,712,793</u> | <u>5,654,424</u> |
| 24 PROVISION FOR TAXATION | | | |
| Current | | - | 1,165,246 |
| Prior year | | - | 1,767,647 |
| Deferred | | - | 7,388 |
| | | <u>-</u> | <u>2,940,281</u> |
| 25 EARNING PER SHARE - BASIC | | | |
| Weighted average number of ordinary shares outstanding during the year | | <u>3,166,666</u> | <u>3,166,666</u> |
| Profit after taxation | | <u>(1,584,492)</u> | <u>(346,594)</u> |
| Earning per share - basic | | <u>(0.50)</u> | <u>(0.11)</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 | 1,468,902 |
| ii) Mrs. Seemi Arif Latif - Director's spouse | Trade payables | Nil | 14,697,554 | 22,850,799 |
| iii) Mr. Adeel Arif - Director | Trade receivables | 5% | - | - |
| iv) Mr. Atif Arif - Director | Trade payables | 5% | 1,521,556 | 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 DECEMBER 31, 2019

| | NOTE | Dec-19 RUPEES | Jun-18 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 | <u>DATE OF AUTHORIZATION FOR ISSUE</u> | | |
| | These financial statements were authorized for issue on _____ by the Board of Directors. | | |
| 30 | <u>GENERAL</u> | | |
| | - Figures have been rounded off to the nearest rupee, unless otherwise stated. | | |
| | - Corresponding figures, where necessary, have been rearranged for the purpose of comparison. | | |
| 31 | <u>CAPITAL ADEQUACY LEVEL</u> | | |
| | Total Assets | 120,962,603 | 100,832,956 |
| | Less: Total liabilities | (50,954,294) | (35,842,634) |
| | Less: Revaluation Reserves (Created upon revaluation of fixed assets) | (19,158,622) | (19,158,622) |
| | Capital Adequacy Level | <u>50,849,687</u> | <u>45,831,700</u> |
| 31.1 | 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 December 31, 2019 as determined by Pakistan Stock Exchange has been considered. | | |

CHIEF EXECUTIVE _____

DIRECTOR _____

| |
|---------------------------------|
| ARIF LATIF SECURITIES |
| PROVISION FOR 30-06-2019 |

| | | | |
|----------|---|-----------|----------------|
| A | Minimum Tax | | |
| | Normal Turnover | 3,149,087 | |
| | | - | |
| | Total Turnover | 3,149,087 | |
| | <i>Minimum Tax @ 1.25%</i> | | 39,364 |
| B | Normal Tax | | |
| | Taxable Income | #REF! | |
| | <i>Normal Tax @ 25%</i> | | #REF! |
| | <i>Higher of Minimum or Normal</i> | | #REF! |
| C | Alternate Corporate Tax | | |
| | Accounting Profit | #REF! | |
| | Less : PTR Profits | #REF! | |
| | | #REF! | |
| | <i>ACT @ 17%</i> | | #REF! |
| D | Higher of Corporate or Normal | | #REF! |
| E | Tax Chargeable under FTR: | | |
| | <i>Payment for services @ 8%</i> | 300,141 | 24,011 |
| | <i>Payment for shares trading @ 20%</i> | 2,225,068 | 445,014 |
| | Tax on dividend @ 15% | 767,680 | 115,152 |
| | | | 584,177 |

| |
|--|
| Hence, the Provision for taxation for 2017 is (D+E) |
|--|

| | |
|------------------------------|------------------|
| Tax Deducted During The Year | 1,577,287 |
| Refundable for the year | 1,577,287 |
| Opening Payable/ receivable | 180,711 |
| Current Provision | #REF! |
| Prior Year | 1,767,647 |
| | #REF! |
| Less : Taxes Paid | (1,577,287) |
| Closing Balance | #REF! |

**ARIF LATIF SECURITIES
COMPUTATION OF TAX
FOR THE PERIOD ENDED JUNE 30, 2019**

| | | <u>RUPEES</u> (FTR) | <u>RUPEES</u> (NTR) | <u>RUPEES</u> TOTAL |
|---|----------------------------|---|------------------------|------------------------|
| | <i>Percentage (Excludi</i> | 53.04% | 46.96% | 100% |
| | | Dividend / Capita Bank Profits/ Commission | | |
| Receipts | <i>Actual</i> | 3,556,454 | 3,149,087 | 6,705,542 |
| | | 3,556,454 | 3,149,087 | 6,705,542 |
| Expenses | | | | |
| Salaries, wages and benefits | <i>Prorate</i> | 3,267,961 | 2,893,639 | 6,161,600 |
| Legal and professional charges | | 122,713 | 108,657 | 231,370 |
| Auditors' remuneration | | - | - | - |
| Fee and subscription | | 832,571 | 737,206 | 1,569,777 |
| Electricity | | 65,451 | 57,954 | 123,405 |
| Rent, rates and taxes | | 127,203 | 112,633 | 239,836 |
| Insurance | | 2,239 | 1,982 | 4,221 |
| Communication expense | | 20,101 | 17,799 | 37,900 |
| Entertainment expense | | 76,985 | 68,167 | 145,152 |
| Postage | | 4,714 | 4,174 | 8,888 |
| Travelling and conveyance | | - | - | - |
| Depreciation | | - | - | - |
| Bad debts | | - | - | - |
| Audit oversight board | | #REF! | #REF! | #REF! |
| Miscellaneous | | 12,835 | 11,365 | 24,200 |
| | | #REF! | #REF! | #REF! |
| FINANCE COST | | | | |
| Bank charges | <i>Prorate</i> | 3,845 | 3,405 | 7,250 |
| Total Finance Cost | | (3,845) | (3,405) | (7,250) |
| Profit before Taxation | | #REF! | #REF! | #REF! |
| Inadmissible Deductions | | | | |
| Accounting depreciation | <i>Prorata</i> | - | - | - |
| | | - | - | - |
| Admissible Deductions | | | | |
| Tax Depreciation | | 52,337 | 46,342 | 98,680 |
| Profit before Tax after Adjustment | | #REF! | #REF! | #REF! |

Arif latif Securities

DEFERRED TAX

FOR THE YEAR ENDED JUNE 30 2019

ASSETS

Property Plant and equipment
Intangible Asset
Long term investment
Long term deposits and prepayments

Trade debts
Short term investment
Advance tax - net
Cash and bank balances and Deposit

| Carrying Amount | Tax Base | TTD / (DTD) |
|------------------------|-----------------|--------------------|
| 444,370 | 256,162 | 188,209 |
| 3,000,000 | 3,000,000 | - |
| 19,158,233 | 19,158,233 | - |
| 1,500,000 | 1,500,000 | - |
| | | - |
| 3,614,146 | 3,614,146 | - |
| 1,887,400 | 1,887,400 | - |
| - | - | - |
| 91,335,844 | 91,335,844 | - |
| | | |
| 35,000,000 | 35,000,000 | - |
| 11,387,988 | 11,387,988 | - |
| | | - |
| 19,158,622 | 19,158,622 | - |
| | | - |
| 4,461,699 | 4,461,699 | - |
| | | - |
| 50,773,583 | 50,773,583 | - |
| | | - |
| | | |
| | | 188,209 |
| | | - |
| | | 188,209 |
| | | 47,052 |
| | | |

Share capital
Unappropriated loss

Revaluation surplus

Directors' loan

Trade and other payables

**Taxable / (Deductible) Temporary Difference
Unabsorbed Depreciation**

Deferred Tax (Asset) / Liability @ 25%

Opening

22,610

Expense / (Income) for the year

24,443