

Zahid Latif Khan Securities (Pvt) Ltd

Audited Financial Statements

As at

June 30, 2020



INDEPENDENT AUDITOR'S REPORT

To the members of **ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements **ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, 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, statement of profit or loss, the statement of 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, 2020 and of the loss and other comprehensive loss, the 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 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.

Responsibilities of Management and Board of Directors 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 Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Lahore Office:

Office No. 914, Al-Hafeez Heights, 65-D/1, Ghalib Road, Gulberg-III.
Tel: 042-35754821-22, Fax: 042-36317513, Email: nasirgulzar@njmi.net

Karachi Office:

Office No. 807, 8th Floor, Q.M. House, Plot No. 11/2, Ellander Road,
Opposite to Shaheen Complex, Off. I.I Chundrigar Road.
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515, Email: khi@njmi.net



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. 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 users taken on the basis of these 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 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 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.

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- 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.

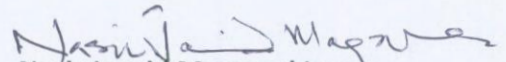
Report on Other Legal and Regulatory Requirements

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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) the securities broker was in compliance with the requirements of section 78 of the Act and section 62 of the Futures Act, and the relevant requirement of these regulations as at the date on which the balance sheet was prepared.
- e) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran UI Haq.

Place: Islamabad
Date: 27-Oct-2020


Nasir Javaid Maqsood Imran
Chartered Accountants



M/S ZAHID LATIF KHAN SECURITIES (PVT) LTD
Director's Report
For the Year Ended 30 June 2020

Dear Shareholders on behalf of the Board of Directors I am pleased to present the Annual Report for the financial year ended June 30, 2019, together with the audited financial statements and auditor's report thereon as per accounting, regulatory and legal requirements/standards.

Operating Result

The Profit of the company after tax for the financial year amounted to Rs. 33,187,869.

Review of Operations

A review of the company's operations during the financial year, and the results of those operations are as follows:

	2020 Rupees	2019 Rupees
Revenue	80,857,505	51,369,731
Capital (loss) realised - net	(3,610,362)	(20,269,357)
Unrealized fair value gain/(loss) on investment remeasurement-FVTPL - net	15,702,017	(5,151,820)
	92,949,161	25,948,555
Direct expenses	(37,689,334)	(56,830,235)
	55,259,826	(30,881,680)
Operating expenses	(15,523,826)	(15,279,378)
	39,736,000	(46,161,058)
Financial charges	(11,183,586)	(14,168,433)
Other income	558,719	237,168

Profit/(loss) before taxation	29,111,133	(60,092,323)
Taxation	4,076,737	(814,221)
Net profit/(loss) after taxation	<u>33,187,869</u>	<u>(60,906,545)</u>

The company's operations during the year were as expected in the opinion of the director(s).

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were:

Brokerage in Trading of Shares on Pakistan Stock Exchange

No change in the nature of these activities occurred during the year

Brokerage in Trading of Commodities on Pakistan Stock Exchange

During the financial year 2017-2018 our Company also becomes a member of Pakistan Mercantile Exchange Limited and started its activities from the month of November 2017.

After Balance Sheet Date Events

No issues or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under the laws of the country:

Dividends

Dividends paid or declared since the start of the financial year are as follows:

- a) There were no dividends paid during the year.
- b) There were no dividends or distributions recommended or declared for payment to members during the year that have not been paid or credited to the member throughout the year.

Share Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Auditors

The present auditors of the company M/s Nasir Javaid Maqsood Imran & Co., Chartered Accountants retired and offer themselves for re-appointment for the year ended June 30, 2021. The board has suggested the re-appointment of M/s Nasir Javaid Maqsood Imran & Co., Chartered Accountants as auditors of the company for the ensuing year.

Proceedings of Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company, or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:



AJMAL SULTAN
Director

Dated: 05 October 2020

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	10,253,048	11,028,842
Long term deposits	5	1,420,000	1,520,000
Long term investments	6	43,091,363	43,091,363
Intangible assets	7	2,500,000	2,500,000
Deferred tax asset	8	6,465,055	-
		63,729,466	58,140,205
CURRENT ASSETS			
Short term investment	9	97,323,044	35,349,910
Trade receivables	10	84,156,863	59,913,107
Advances	11	7,071,884	18,287,563
Deposits and other receivables	12	26,152,754	12,169,842
Cash and bank balances	13	148,978,789	58,003,511
		363,683,335	183,723,933
TOTAL ASSETS		427,412,802	241,864,138
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	55,000,000	55,000,000
Capital reserve:			
Deposit for shares		55,500,000	37,500,000
Revenue reserve:			
Unappropriated profit		44,955,303	11,767,434
		155,455,303	104,267,434
CURRENT LIABILITIES			
Trade and other payables	15	177,780,380	60,704,991
Unclaimed dividend	16	6,541,246	6,258,294
Accrued interest	17	2,253,159	2,388,615
Short term bank borrowings	18	82,536,612	67,004,668
Provision for taxation	19	2,846,102	1,240,137
		271,957,498	137,596,705
TOTAL EQUITY AND LIABILITIES		427,412,802	241,864,139
CONTINGENCIES AND COMMITMENTS			
	20	-	-

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


CHIEF EXECUTIVE


DIRECTOR

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Revenue	21	80,857,505	51,369,731
Capital (loss) realised - net		(3,610,362)	(20,269,357)
Unrealized fair value gain/(loss) on investment remeasurement-FVTPL - net	22	<u>15,702,017</u> 92,949,161	<u>(5,151,820)</u> 25,948,555
Direct expenses	23	<u>(37,689,334)</u> 55,259,826	<u>(56,830,235)</u> (30,881,680)
Operating expenses	24	<u>(15,523,826)</u> 39,736,000	<u>(15,279,378)</u> (46,161,058)
Financial charges	25	(11,183,586)	(14,168,433)
Other income	26	<u>558,719</u>	<u>237,168</u>
Profit/(loss) before taxation		29,111,133	(60,092,323)
Taxation	27	4,076,737	(814,221)
Net profit/(loss) after taxation		<u><u>33,187,869</u></u>	<u><u>(60,906,545)</u></u>

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


 CHIEF EXECUTIVE


 DIRECTOR

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
Note	<u>Rupees</u>	<u>Rupees</u>
Net (loss) for the year	33,187,869	(60,906,545)
Items that may not be reclassified to profit or loss:		
Gain on ISE REIT Management shares	-	12,745,333
Other comprehensive gain / (loss)		
Total comprehensive (loss) / income for the year	<u><u>33,187,869</u></u>	<u><u>(60,906,545)</u></u>

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



CHIEF EXECUTIVE

DIRECTOR

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax		29,111,133	(60,092,323)
Adjustments for non-cash and other items:			
Depreciation		1,460,505	1,748,436
Gain on sale of asset		(558,719)	(18,937)
Provision for bad debts		1,950,095	1,877,168
Unrealized (gain)/loss on short term investment		(15,702,017)	5,151,820
		<u>(12,850,137)</u>	<u>8,758,487</u>
		16,260,995	(51,333,836)
Working capital changes			
(Increase) / decrease in current assets:			
Short term investment		(46,271,117)	(7,288,391)
Trade receivables		(26,193,851)	(13,647,184)
Loans and advances		11,215,679	33,144,000
Deposits, prepayments and other receivables		(14,290,515)	13,403,557
		<u>(75,539,804)</u>	<u>25,611,982</u>
Increase / (decrease) in current liabilities		<u>132,754,829</u>	<u>(23,674,233)</u>
		73,476,021	(49,396,086)
Income tax paid		(474,751)	(2,842,623)
Net cash generated from operating activities		<u>73,001,270</u>	<u>(52,238,709)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,525,992)	(1,611,169)
Disposal of fixed Asset		6,400,000	1,825,000
Net cash (used in) investing activities		<u>(125,992)</u>	<u>213,831</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term deposit		100,000	-
Long term loan repaid		-	(38,500,000)
Deposit for shares		18,000,000	37,500,000
Net cash inflow from financing activities		<u>18,100,000</u>	<u>(1,000,000)</u>
Net increase / (decrease) in cash and cash equivalents		90,975,278	(53,024,878)
Cash and cash equivalents at the beginning of the year		<u>58,003,511</u>	<u>111,028,391</u>
Cash and cash equivalents at the end of the year	13	<u><u>148,978,789</u></u>	<u><u>58,003,511</u></u>

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

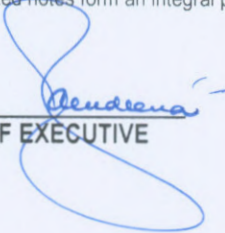

 CHIEF EXECUTIVE


 DIRECTOR

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	SHARE CAPITAL	REVENUE RESERVE	CAPITAL RESERVE	TOTAL
		ACCUMULATED PROFIT / (LOSS)	DEPOSIT FOR SHARES	
-----Rupees-----				
Balance as at July 01, 2018	55,000,000	59,928,645	-	114,928,645
Deposit for shares	-	-	37,500,000	37,500,000
Other comprehensive income	-	12,745,333	-	12,745,333
Net (loss) for the year	-	(60,906,545)	-	(60,906,545)
Balance as at June 30, 2019	55,000,000	11,767,434	37,500,000	104,267,434
Deposit for shares	-	-	18,000,000	18,000,000
Total comprehensive income for the year	-	33,187,869	-	33,187,869
Balance as at June 30, 2020	55,000,000	44,955,303	55,500,000	155,455,303

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


 CHIEF EXECUTIVE


 DIRECTOR

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 The Company and its operations

The company was incorporated in Pakistan on May 06, 1999 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company. The company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited and duly registered with the Securities and Exchange Commission of Pakistan (SECP). It started its commercial activities with effect from July 06, 1999.

The main object of the company is to carry on the business of broker in stocks, shares, securities under license or with the foreign permission or approval of any recognized association, authority, stock exchange, or other market in Pakistan or abroad. The registered office of the company is situated at Room No. 624-627, 6th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

Geographical location of all Branches is:

Branches	Addresses
Corporate Office	412, 4th Floor, ISE Towers, 55-B Jinnah Avenue, Islamabad
Cantt Branch	23-AI Amin Plaza, The Mall, Rawalpindi Cantt
Chaklala Branch	61-C 1st Floor, Aneeq Plaza Street 12, Commercial area Chaklala Scheme-III, Rawalpindi
Abbottabad Branch	Office No. C-5, First Floor, Awan Plaza, Mandian, Abbottabad
City Branch	201, 2nd Floor, Dubai Orakzai Plaza, Murree Road, Rawalpindi
F-11 Branch	Office No. 20, First Floor, Slect One Plaza, Plot No.39, Sector F-11 Markaz, Islamabad
Pindi gheb Branch	Office No.1, Malik Saeed Market, Near Chief Chowk, Pindigheb
Wah Cantt Branch	Office No.2, 1st Floor, Mall View Plaza, The Mall, Wah Cantt
Lahore Branch	Office No.206, 2nd Floor, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore
Islamabad Branch	408, 4th Floor, ISE Towers, 55-B Jinnah Avenue, Islamabad

2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

The company changed its financial reporting framework from IFRS issued by IASB to IFRS for SMEs issued by IASB since it is no longer a public interest company as per the amendments made in third schedule to Companies Act, 2017. As per the schedule, all public interest companies are required to prepare their financial statements in accordance with IFRS issued by IASB as notified by SECP.

The change described above has no material impact on carrying values of assets and liabilities therefore no adjustment has been made in these accounts except some decrease in disclosure requirements.

2.2 Basis of measurement

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values except otherwise stated in relevant policies hereunder;

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency.

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2.4 Use of significant estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

3 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of these financial statements are:

3.1 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. Company provides for the deferred taxation, if any, using the liability method. A deferred tax liability is recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and the carryforward of unused tax losses. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

3.2 Property and equipment

- i These are stated at cost less accumulated depreciation and impairment losses, if any;
- ii Depreciation on operating assets is charged on reducing balance method. A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal;
- iii Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;
- iv Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;
- v The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

3.3 Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed at each statement of financial position date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. As impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original costs of the asset.

3.4 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably.

3.5 Revenue recognition

Brokerage and commission is recognized as and when such services are provided.

Capital gains or losses on sale of investments are recognized in the year in which they arise.

Dividend income is recognized at the time of book closure of the Company declaring the dividend.

3.6 Trade debts

These are stated transaction cost less provision for doubtful debts. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks on current account.

3.8 Financial instruments

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets:

The Company classifies its financial instruments in the following categories:

- At Fair Value Through Profit or Loss (FVTPL)
- At Fair Value Through Other Comprehensive Income (FVTOCI)
- At Amortized Cost

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold 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 that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- At Fair Value Through Profit or Loss (FVTPL)
- At Amortized Cost

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent Measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at

Impairment of financial asset

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the statement of profit or loss and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

4 Property and equipment

	Office Building	Furniture and Fixture	Air Conditioners	Office Equipment	Motorcycle	Electronic Equipments	Computers	Generator	Telephone Installation	Motor Vehicle	Total
Rupees											
Year ended June 30, 2019											
Opening Net Book Value	7,985,780	1,139,663	165,469	13,349	23,299	304,848	1,162,906	1,871	139,987	2,035,000	12,972,172
Additions	-	684,400	-	23,683	-	295,000	506,469	-	101,617	-	1,611,169
Depreciation Charge	(798,578)	(170,950)	(24,820)	(3,186)	(3,495)	(60,477)	(431,502)	(281)	(26,210)	(228,938)	(1,748,436)
Disposal	-	-	-	-	-	-	-	-	-	(2,200,000)	(2,200,000)
Adjustment	-	-	-	-	-	-	-	-	-	393,938	393,938
Net Book Value	7,187,202	1,653,114	140,648	33,845	19,804	539,371	1,237,873	1,591	215,394	-	11,028,842
As at June 30, 2019											
Cost	10,100,000	2,782,810	394,107	88,373	167,925	772,885	3,065,355	19,100	326,622	-	17,717,177
Accumulated depreciation	(2,912,798)	(1,129,696)	(253,459)	(54,528)	(148,121)	(233,514)	(1,827,482)	(17,509)	(111,228)	-	(6,688,335)
Net book value	7,187,202	1,653,114	140,648	33,845	19,804	539,371	1,237,873	1,591	215,394	-	11,028,842
Year ended June 30, 2020											
Opening Net Book Value	7,187,202	1,653,114	140,648	33,845	19,804	539,371	1,237,873	1,591	215,394	-	11,028,842
Additions	6,400,000	-	-	39,307	-	-	86,685	-	-	-	6,525,992
Depreciation Charge	(683,164)	(247,967)	(21,097)	(9,832)	(2,971)	(80,906)	(382,021)	(239)	(32,309)	-	(1,460,505)
Disposal	(7,525,000)	-	-	-	-	-	-	-	-	-	(7,525,000)
Adjustment	1,683,719	-	-	-	-	-	-	-	-	-	1,683,719
Net Book Value	7,062,757	1,405,147	119,551	63,321	16,833	458,465	942,537	1,352	183,085	-	10,253,048
As at June 30, 2020											
Cost	8,975,000	2,782,810	394,107	127,680	167,925	772,885	3,152,040	19,100	326,622	-	16,718,169
Accumulated depreciation	(1,912,243)	(1,377,663)	(274,556)	(64,359)	(151,092)	(314,420)	(2,209,503)	(17,748)	(143,537)	-	(6,465,121)
Net book value	7,062,757	1,405,147	119,551	63,321	16,833	458,465	942,537	1,352	183,085	-	10,253,048
Rate of depreciation	10%	15%	15%	15%	15%	15%	30%	15%	15%	15%	

4.1 Detail of disposal of property

	Cost	Carrying amount	Sale price	Gain/(loss) on disposal	Particular of purchaser	Mode of disposal	Relationship with purchaser
Office building	7,525,000	5,841,281	6,400,000	558,719	Mr. Zahid Latif Khan	Company policy	Chief Executive Officer
					Note	2020	2019
						Rupees	Rupees

5 Long term deposits

Security deposits with:

National Clearing Company of Pakistan Limited

Islamabad Stock Exchange Limited

Mobile phones

1,200,000

1,300,000

200,000

200,000

20,000

20,000

1,420,000

1,520,000

6 Long term investment

ISE REIT Management company Limited

6.1

43,091,363

43,091,363

43,091,363

43,091,363

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6.1

Pursuant to the promulgation of the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 (The Act) the ownership in a Stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the company has received equity shares of ISE and Trading Right Entitlement Certificate (TREC) in lieu of membership card of ISE. The company entitlement in respect of ISE shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and the company has been allotted 3,034,603 shares of the face value of Rs 10/= each. These includes 60% shares of ISE, held in separate CDC blocked account to restrict the sale of these shares by the members whereas stock exchange will dispose off these shares under the provisions of the Act, however the proceeds of these shares and right to dividend/bonus are vested with the company whereas voting rights attached to these shares are suspended.

The company has recorded a surplus of Rs. 30.746 million on conversion of membership card of ISE to shares and TREC in the equity through profit and loss account during the year 2014-2015.

In absence of an active market for these shares, the company has taken has valued them at Rs. 14.2/share, which is the value approved by the Board of Directors of PSX and intimated to SECP for the base minimum capital. This fact indicates an acceptable level of value for ISE REIT shares which is also used by the stock exchange for risk management and to safeguard investors' interest.

		2020	2019
	Note	Rupees	Rupees
7 Intangible assets			
Trading Right Entitlement Certificate (TREC)	7.1	2,500,000	2,500,000
		<u>2,500,000</u>	<u>2,500,000</u>

7.1 In the absence of an active market for TREC, the company has taken the cost of TREC at Rs 2.5 million, which is the value approved by the Board of Directors of ISE and intimated to SECP. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investors' interest.

		2020	2019
	Note	Rupees	Rupees
8 Deferred tax asset			
Tax losses - asset		6,891,508	
Property and equipment - liability		(426,453)	
		<u>6,465,055</u>	<u>-</u>

Deferred tax has been provided at 29% and charged to profit or loss statement.

9 Short tem investment

Financial assets at fair value through profit or loss
Investment in quoted equity securities

		2020	2019
	Note	Rupees	Rupees
	9.1	97,323,044	35,349,910
		<u>97,323,044</u>	<u>35,349,910</u>

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

9.1 This represent investment in:

2020		2019	
Symbol of Security	No. of Security	Symbol of Security	No. of Security
UNITY	301,000	ALAC	100,000
ALAC	100,000	BAFL	28,930
DGKC	40,500	DGKC	38,000
FCCL	263,500	FCCL	103,500
GTYS	102,000	GTYS	85,000
GHANI	13,500	IGIHL	28,000
HASCOL	200,353	KAPCO	53,000
IGIHL	28,000	MUGHAL	5,000
LOTCHEM	50,000	OGDC	4,000
MUGHAL	5,000	PAEL	45,000
OGDC	39,000	PIBTL	75,048
PAEL	45,000	POWER	70,000
PIBTL	49,048	PPL	23,139
POWER	110,000	PRL	25,000
PRL	25,000	PSMC	2,000
PSMC	2,000	SSGC	114,875
SSGC	75,875	TRG	592,000
TRG	1,927,500		
PPL	52,766		
BAFL	28,930		
KAPCO	53,000		
PRLR1	25,000		

10 Trade receivables

Note	2020 Rupees	2019 Rupees
	94,533,229	68,339,378
	(10,376,366)	(8,426,272)
	84,156,863	59,913,107

10.1 Movement in provision for bad debts

Balance at beginning of the year	-	-
Add: Effect of application of IFRS 9	-	6,549,104
Balance at beginning of the year (restated)	8,426,272	6,549,104
Charged during the year	1,950,095	1,877,168
Balance at end of year	10,376,366	8,426,272

11 Advances

Advances - unsecured & considered good

To staff against salary	7,019,116	7,234,795
Advance for purchases of building	52,768	11,052,768
	7,071,884	18,287,563

12 Deposits and other receivables

Deposits

Withholding income taxes	8,562,969	8,870,572
Security deposit - Office premises	260,000	310,000
Margin deposit - Pakistan Stock Exchange Limited	11,366,966	-
Security deposit - Central Depository Company of Pakistan	75,000	75,000
Security deposit - Pakistan Mercantile Exchange	750,000	750,000
Clearing Deposit with PMEX	1,876,748	660,186
	22,891,683	10,665,757

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Other receivables			
Due from National Clearing Company of Pakistan Limited		3,183,593	1,493,155
Other receivable		77,479	10,930
		3,261,072	1,504,085
		26,152,754	12,169,842
12.1 Withholding income taxes			
Opening withholding tax		8,870,572	11,183,278
Adjusted during the year		(782,354)	(5,155,330)
(Paid)/ withheld during the year		474,751	2,842,623
		8,562,969	8,870,572
13 Cash and bank balances			
Cash in hand		2,955,973	1,923,796
Cash at bank - current accounts		146,022,816	56,079,715
		148,978,789	58,003,511
14 Share capital and reserves			
Authorized:			
1,100,000 ordinary shares of Rs. 100/= each		110,000,000	110,000,000
Issued, subscribed and paid up:			
550,000 ordinary shares of Rs. 100/= each in cash		55,000,000	55,000,000
		55,000,000	55,000,000
15 Accrued and other liabilities			
Trade payables		171,321,155	58,298,591
Other Liabilities		2,274,796	1,195
Sales tax payable		46,671	173,495
FED payable		1,331,213	119,555
Commission payable		2,096,217	1,319,395
Audit fee payable		225,000	200,000
Accrued Expenses		-	505,356
PSX Taxes and charges		25,272	9,984
Withholding tax payable		460,055	77,421
		177,780,380	60,704,991
16 Unclaimed dividend			
Unclaimed dividend		6,541,246	6,258,294
		6,541,246	6,258,294
17 Accrued interest			
MCB Bank Limited		1,623,802	1,896,281
JS bank		629,357	492,334
		2,253,159	2,388,615
18 Short term bank borrowings			
Muslim Commercial Bank Limited	18.1	54,982,032	54,792,954
JS bank Limited	18.2	27,554,580	12,211,714
		82,536,612	67,004,668

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

18.1 The facility with MCB Bank Limited is available to the tune of Rs. 55 million (2019 : 55 million) against the running finance - 1 (RF-I).

RF - I TPMR (3 Months Kibor + 2.75% p.a.)
 SMR (TPMR + 5%) (whichever is higher)

These facilities are secured by way of:

Running Finance - I

- Personal guarantees of all the directors covering the entire exposure;
- Pledge of activity traded shares in marketable lots (trading at not less than par value) of eligible listed companies registered with CDC as per MCB's eligible list for financing against shares.

18.2 The facility with JS Bank is available to the tune of Rs. 100 million (2019 : 50 million) against JS bank RF at the markup of 3 months Kibor + 400 bps

These facilities are secured by way of:

- Pledge of shares with minimum 35% margin on shares to be governed by the JSBL list duly approved by BRMC of JSBL. The shares will be pledged and held under CDC subaccount with JSBL.
- Personal guarantees of the directors along with PNWS.

19	Note	2020 Rupees	2019 Rupees
Provision for Taxation			
Opening provision		1,240,137	5,581,246
Tax expense during the year		2,388,318	814,221
Adjusted against advance tax		(782,354)	(5,155,330)
Closing provision		<u>2,846,102</u>	<u>1,240,137</u>

20 Contingencies and commitments

Contingencies:

In previous years, RTO Karachi created demand of Rs. 5,555,749 under section 161/205 of the income tax ordinance related to tax year 2011 to 2015. The company has deposited 25% of demand and is hopeful that the case will be decided in the favour of company.

Commitments:

Currently there are no commitments against the company in foreseeable future.

21	Note	2020 Rupees	2019 Rupees
Revenue			
Securities brokerage		76,626,820	48,198,127
Dividend		1,219,161	986,290
IPO commission		-	15,378
Commodity brokerage		2,104,370	1,418,240
Profit on Margin Deposit		907,155	751,697
		<u>80,857,505</u>	<u>51,369,731</u>
22 Unrealized gain on remeasurement of investments at fair value - through profit or loss			
Market value of investment in shares		97,323,044	35,349,910
Less: Cost of investment		(81,621,027)	(40,501,730)
		<u>15,702,017</u>	<u>(5,151,820)</u>
23 Direct Expenses			
Staff salaries and benefits		22,151,624	19,313,428
Commission		7,071,642	27,533,394
Directors' remuneration		-	2,071,670
Central Depository Company expense		2,593,718	2,872,229
ISEL/LSEL/NCCPL trading fee		3,416,756	2,141,686
Depreciation		1,460,505	1,748,436
Utilities - Internet		383,417	548,205
Utilities - Telephone		611,673	601,187
		<u>37,689,334</u>	<u>56,830,235</u>

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
24 Operating expenses			
Utilities - Other		2,614,355	2,544,406
Rents, Rates & Taxes		5,484,299	6,031,238
Entertainment		1,686,268	1,361,897
Fee and subscription		887,928	808,066
Miscellaneous		145,437	247,609
Printing and stationary		371,680	383,527
Postage and telegram		148,112	156,705
Travelling & Conveyance		193,150	135,762
Office repair and maintenance		273,145	259,091
Audit fee		225,000	200,000
Software expenses		329,253	412,350
Newspapers and periodicals		69,230	65,797
Legal and professional charges		542,000	15,000
Vehicle running and maintenance		409,547	411,614
Welfare Committee		87,400	183,000
Insurance		82,097	186,148
Bad debts written off		24,830	-
Provision for bad debts		1,950,095	1,877,168
		15,523,826	15,279,378
25 Financial charges			
Markup on running finance facility		10,828,376	13,871,825
Bank charges		355,210	296,608
		11,183,586	14,168,433
26 Other income			
Mark.up on MFS		-	218,231
Gain on disposal		558,719	18,937
		558,719	237,168
27 Taxation			
Current tax		2,388,317	782,355
Prior year		1	31,866
Deferred		(6,465,055)	-
		(4,076,737)	814,221

27.1 The dividend income falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

27.2 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

28 Financial instruments and related disclosures

28.1 Financial assets as per statement of financial position

	At Ammortized Cost		At Fair Value Through Profit & Loss		At Fair Value Through Other Comprehensive Income	
	2020	2019	2020	2019	2020	2019
Long term deposits	1,420,000	1,520,000	-	-	-	-
Short term investment	-	-	97,323,044	35,349,910	-	-
Long term investments	-	-	-	-	43,091,363	43,091,363
Trade debts	84,156,863	59,913,107	-	-	-	-
Deposits, prepayments and other receivables	17,589,786	3,299,271	-	-	-	-
Cash and bank balances	148,978,789	58,003,511	-	-	-	-
Loans and advances	7,071,884	18,287,563	-	-	-	-
	<u>259,217,322</u>	<u>141,023,452</u>	<u>97,323,044</u>	<u>35,349,910</u>	<u>43,091,363</u>	<u>43,091,363</u>

28.2 Financial liabilities as per statement of financial position

	At Ammortized Cost		At Fair Value Through Profit & Loss		At Fair Value Through Profit & Loss	
	2020	2019	2020	2019	2020	2019
Trade payables	171,321,155	58,298,591	-	-	-	-
Short term bank borrowings	82,536,612	67,004,668	-	-	-	-
Accrued and other liabilities	8,712,383	4,795,015	-	-	-	-
Provision for taxation	2,846,102	1,240,137	-	-	-	-
	<u>265,416,253</u>	<u>131,338,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

29 Capital Adequacy Level

	Note	2020 Rupees	2019 Rupees
Total Assets		427,412,802	241,864,138
Less: Total Liabilities		(271,957,498)	(137,596,705)
Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
		<u>155,455,303</u>	<u>104,267,433</u>

Note:-

While determining the Value of total assets of the TREC Holder, Notional Value of the TRE Certificate held by the Zahid Latif Khan Securities (Pvt.) Ltd as determined by Pakistan Stock Exchange has been considered.

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

30	Information required by regulation 34 of Securities Broker Regulations 2016	2020	2019
a)	Customer shares in the central depository system	136,626,113	107,397,986
	Customer's cash in bank account - PKR	144,651,160	55,632,859
b)	Securities pledged with financial institutions-customer		-
	Securities pledged with financial institutions-house	2,255,000	1,015,000
c)	Income from dividends	1,219,161	986,290
d)	Pattern of shares:		
	Zahid Latif Khan (CEO/Director)	549,000	549,000
	Ajmal Sultan (Director)	500	500
	Muhammad Atif Khan (Director)	500	500
	Total no of shares	550,000	550,000
e)	Changes in shareholding	NIL	NIL
f)	Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the statement of profit or loss.		
g)	Aging analysis of amount due from customers		
	Due not more than 5 days - PKR	6,021,958	2,661,736
	Due more than 5 days - PKR	88,511,271	62,155,740

31 Remuneration of Chief Executive Officer and Director

	2020		2019	
	Chief Executive	Director	Chief Executive	Director
	Rupees			
Managerial remuneration	-	2,239,880	-	2,071,670
Bonus	-	-	-	-
Commission	7,071,642	267,090	27,533,394	-
	<u>7,071,642</u>	<u>2,506,970</u>	<u>27,533,394</u>	<u>2,071,670</u>
Number of person	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

32	Number of employees	2020	2019
	At year end	47	47
	Average	47	47

33	Net and liquid capital balances	2020	2019
		Rupees	Rupees
	Net capital balance-as per Annexure A	43,442,064	18,826,932
	Liquid capital balance-as per Annexure B	16,764,428	10,622,094

34 Related party transactions and relationships

Name of related party	Relationship and percentage shareholding	Transactions during the year and balances	2020	2019
			Rupees	Rupees
Zahid Latif Khan	Chief Executive Officer, 99.82%	Sold office building	6,400,000	-
		Purchased office building	6,400,000	-
		Balance	Nil	Nil

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

35 Impact of Covid-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but also has adversely impacted the global economy. In March, 2020, the Government of the Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company Reduced its operational activities from March 23, 2020. The Lockdown was subsequently relaxed from end of May, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations at full from June 1, 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, management has assessed the accounting implications of developments on these financial statements, including but not limited to the following areas:

- provisions against financial assets.
- provision for impairment against non financial assets.
- going concern assumption used for the preparation of these financial statements.

According to management 's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

36 Date of authorization for issue

These financial statements were authorized for issue on 10.5 OCT 2020 by the Board of Directors of the Company.

37 General

Figures have been rounded off to the nearest rupee



CHIEF EXECUTIVE



DIRECTOR

Zahid Latif Khan Securities (Private) Limited
Net Capital Balance Calculation
As at June 30, 2020

CURRENT ASSETS	Note	30-Jun-20 Rupees
Cash and bank balances:		
Cash in hand	1	2,955,973
Cash at bank	1	146,022,816
Total cash and bank balances		148,978,789
Accounts Receivables and other assets:		
Future Clearing		3,550,558
Margin deposit		12,876,748
Accounts receivables	2	27,332,223
Investment in listed securities in the name of broker	3	82,724,587
Shares/securities purchased for clients but payment has not been received within 14 days		37,090,554
Total Accounts receivables and other assets		163,574,670
Total Current Assets		312,553,460
CURRENT LAIBILITIES		
30 days overdue accounts payable	4	111,699,642
Other liabilities	5	157,411,754
Total Current Liabilities		269,111,396
Net Capital Balance as at June 30, 2020		43,442,064
"Read with annexed notes"		


 CHIEF EXECUTIVE


 DIRECTOR

Zahid Latif Khan Securities (Private) Limited
Notes to Net Capital Balance Calculation
As at June 30, 2020

	Note	30-Jun-20 (Rupees)
1 Cash and bank balances		
Cash and bank balances have been taken as per book value.		
Cash in hand		2,955,973
Cash at bank:		
Bank balance pertaining to Brokerage House		1,371,656
Bank balance pertaining to clients		144,651,160
Total bank balance		<u><u>146,022,816</u></u>
2 Accounts Receivable		
<i>Aging and break-up of of accounts receivables:</i>		
Total receivables		94,533,229
Less: Outstanding from more than 14 days		67,201,006
Balance generated within 14 days and/or not yet due		<u><u>27,332,223</u></u>
2.1 Total receiveables include client deposit with 'PMEX' of Rs. 14,715,027		
3 Investment in listed securities in the name of broker		
Market value		97,323,044
Discount (15% of market value)		(14,598,457)
Net Value		<u><u>82,724,587</u></u>
4 Accounts Payables		
Total accounts payables	6	171,321,155
Less: Accounts payables over due for more than 30 days		59,621,513
Accounts payable overdue for 30 days		<u><u>111,699,642</u></u>
4.1 Total accounts payables include payables related to 'PMEX' of Rs. 14,619,872		



Zahid Latif Khan Securities (Private) Limited
Notes to Net Capital Balance Calculation
As at June 30, 2020

	Note	30-Jun-20 (Rupees)
5 Other Liabilities		
Accounts Payables	4	59,621,513
Accrued and other liabilities		15,253,629
Short term running finance		82,536,612
		157,411,754
 6 Reconciliation of client wise payable balance and their corresponding bank balance - PSX		
Trade Payables - PSX	6.1	156,701,283
		156,701,283
 <i>Client wise break-up of total trade payables is attached in Annexures</i>		
Trade Payables includes 50% profit on futures withheld amounting to Rs. 1,189,243		
6.1 Balance as per bank book - PSX		144,651,160
Margin Deposit with PSX		11,000,000
		155,651,160



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Schedule III
[Per regulation 6(4)]

Monthly statements of liquid capital with the Commission and the securities exchange
M/S ZAHID LATIF KHAN SECURITIES (PVT) LTD
Computation of Liquid Capital
As on: 30/06/2020

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
A. Assets				
1.1	Property & Equipment	10,253,048	100.00%	-
1.2	Intangible Assets	2,500,000	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%	
	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% or VAR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	97,323,044	81,861,195	81,861,195
	ii. If unlisted, 100% of carrying value.	43,091,363	100.00%	
1.5	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			
1.6	Investment in subsidiaries			
	Investment in associated companies/undertaking			
	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/basis deposits with the exchanges, clearing house or central depository or any other entity	1,420,000	100.00%	
1.9	Margin deposits with exchange and clearing house	11,366,966		11,366,966
1.10	Deposit with authorized intermediary against borrowed securities under SLB			
1.11	Other deposits and prepayments	2,961,748	100.00%	
1.12	Accrued interest, profit or mark up on amounts placed with financial institutions or debt securities etc. (Nil)			
1.13	100% in respect of mark-up accrued on loans to directors, subsidiaries and other related parties		100.00%	
	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangements 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	7,019,116	0.00%	7,019,116
	ii. Receivables other than trade receivables	8,693,215	100.00%	
1.16	Receivables from clearing house or securities exchanges			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MIM gains.			
	ii. Claims on account of entitlements against trading of securities in all markets, including MIM gains.	3,183,593	3,183,593	3,183,593
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (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.			
	ii. Lower of net balance sheet value or value determined through adjustments.			
	iii. In case receivables are against margin trading, 5% of the net balance sheet value		5.00%	
	iv. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPI, 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	6,021,958		6,021,958
	iv. Balance sheet 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 their sub-accounts after applying VAR based haircut, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VAR based haircut.	54,594,719	54,594,719	54,594,719
	vi. Lower of net balance sheet value or value determined through adjustments			
	vi. 100% haircut in the case of amount receivable from related parties.		100.00%	
Cash and Bank balances				
1.18	i. Bank Balance proprietary accounts	1,311,656		1,311,656
	ii. Bank balance customer accounts	144,651,160		144,651,160
	iii. Cash in hand	2,955,973		2,955,973
1.19	Total Assets	431,324,112		313,026,337

2. Liabilities				
	Trade Payables		25,272	25,272
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products		-	-
	iii. Payable to customers		171,321,155	171,321,155
	Current Liabilities		-	-
	i. Statutory and regulatory dues		-	-
	ii. Accruals and other payables		15,228,357	15,228,357
	iii. Short-term borrowings		82,536,612	82,536,612
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		-	-
	f. Other liabilities as per accounting principles and included in the financial statements.		-	-
	Subordinated Loans		-	-
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill 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 months		-	-
	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		-	-
2.5	ii. Subordinated loans which do not fulfill the conditions specified by SECP		-	-
	Total Liabilities		269,111,397	269,111,397

3. Ranking Liabilities Relating to

Concentration in Margin Financing			
3.1	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. Concentration in securities lending and borrowing		
3.2	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		
	(a) in the case of right issue... 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 issue 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	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.		
3.7	Concentrated proprietary positions		
3.8	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	5,443,260	5,443,260
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	23,174,799	1,467,547
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.	4,616,064	4,616,064
3.11	Total Ranking Liabilities	27,790,863	11,526,870
		134,421,852	Liquid Capital
			27,150,512
			16,764,428


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