

**Zahid Latif Khan Securities
(Private) Limited
Audited Financial Statement
For The Year Ended
30 June 2022**

M/S ZAHID LATIF KHAN SECURITIES (PVT) LTD
Director's Report
For the Year Ended 30 June 2022

Dear Shareholders on behalf of the Board of Directors I am pleased to present the Annual Report for the financial year ended June 30, 2022, together with the audited financial statements and auditor's report thereon as per accounting, regulatory and legal requirements/standards.

Operating Result

The loss of the company after tax for the financial year amounted to Rs. 270,152,961.

Review of Operations

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

	2022 Rupees	2021 Rupees
Revenue	116,622,843	265,372,344
Capital/gain (loss) realised - net	9,916,125	122,523,827
Unrealized fair value gain/(loss) on investment remeasurement-FVTPL - net	(283,356,909)	275,781,220
	(156,817,940)	663,677,391
Direct expenses	(75,682,206)	(211,135,541)
	(232,500,147)	452,541,850
Operating expenses	(25,581,901)	(19,524,696)
	(258,082,048)	433,017,154
Financial charges	(10,903,343)	(8,789,735)
Other income	19,355	-

Profit/(loss) before taxation	(268,966,036)	424,227,419
Taxation	(1,186,925)	(27,213,903)
Net profit/(loss) after taxation	<u>(270,152,961)</u>	<u>397,013,516</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, 2023. 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: 31 October 2022



ZAHID LATIF KHAN SECURITIES (PVT) LTD.

Corporate Member Pakistan Stock Exchange Ltd.
Corporate Member Pakistan Mercantile Exchange Ltd.

Corporate Office: 412, 4th Floor, ISE Towers, 55-B, Jinnah Avenue, Islamabad.
Tele: 051-2894401-5 Email: info@zlksec.com, http://zlk.com.pk/Branches, Web: www.zlksec.com

THE STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE CODE FOR SECURITIES BROKER REGULATIONS 2016

The company has complied with the requirements of the regulations in the following manner:

1. The company establishes an effective board as per following:

1. Mr. Zahid Latif Khan Executive Director
2. Mr. Muhammad Atif Khan Executive Director
3. Mr. Ajmal Sultan Executive Director

All the directors have mandatory skills, competence, knowledge and experience.

2. The Board has formulated a comprehensive policy, code of conduct/ethics to ensure the business continuous success and monitor and assess management's performance.

The Board has devised the policy to make sure the integrity of company's employees, its board and its business with extraordinary focus on moderating market suspicious activities in relations to the market.

In line with the above the board ensures that financials and human resource is in place. The board has formulated policy and assigned duties and responsibilities to its human resources to handle risk management and compliance issues complaints and grievances and segregation and the same is reported to concerned regulatory authorities in compliance with the specific regulations.

There is no casual vacancy on the board to intimate the Exchange.

The board has appointed the Chief Executive Officer (CEO) to lead the management team, and exercise executive authority over operations of the company.

3. The board meets every six months and ensures that the minutes of the meeting is recorded properly.

4. The board has developed the committees that oversee and ensures timely provision of the policies in place and monitors the activities of different departments.

Cantt Branch
28-Al-Amin Plaza,
The Wall,
Rawalpindi-Cantt.
Tel. # 051-5701150-54

Chaklala Branch
61-C, 2nd Floor, Aneek Plaza,
Street-12, Commercial Area,
Chaklala Scheme-III, Rawalpindi.
Tel. # 051-5500160, 5500162

City Branch
201, 2nd Floor, Dubai Orakzai Plaza,
Murree Road,
Rawalpindi.
Tel. # 051-4852800-4852900

Pindi Gheb Branch
Office # 1, Malik Saeed Market,
Near Chief Chowk, Pindi Gheb,
Distt. Attock.
Tel. # 057-2350461-2

Wah Cantt. Branch
Office # 2, 1st Floor,
Mall View Plaza,
The Mall, Wah Cantt.
Tel. # 4540400, 4540500

Abbottabad Branch
C-5, 1st Floor, Awan Plaza,
Mandian, Abbottabad.
Tel. # 0992-381792
380623, 384083

Islamabad Branch
Office # 03, 1st Floor, Plot # 1315,
NPF Housing Scheme PWD,
Opposite Tehzeeb Bakers, Islamabad.
Tel. 051-5740014, 5740041



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The audit committee comprises of following members where it ensures the integrity of financial statements, internal controls and risk management;

1. Mr. Zahid Latif Khan
2. Mr. Muhammad Atif Khan
3. Mr. Ajmal Sultan

One of the member of the audit committee has relevant accountancy qualifications.

5. The board/CEO has appointed qualified management team that have contemporary skills, qualifications and experience.

6. Two of the directors have obtained the director certificate as per director training program.

7. The auditor conducting statutory audits is enlisted with Category "B" of the statement of Pakistan's Panels of Auditors.

8. The details of all related party transactions are placed before the board for review and approval.

9. Financial Statements of the company are prepared within the proposed times of the Exchange and communicated with the relevant authorizes subsequently and accordingly. The financial Statements of the company comprises of following statements;

- I. Director's Report
- II. Annual Audit Financial Statements

There are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities market laws.

The quarterly and annual financial statements are approved by the board and CEO.

For and on Behalf of Zahid Latif Khan Securities (Private) Limited.


Director

Contt Branch
28-AI-Amin Plaza,
The Mall,
Rawalpindi-Contt.
Tel: #051-5701150-54

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PATTERN OF SHAREHOLDING AS ON JUN 30, 2022

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE (%)
Directors and their spouse(s) and minor children			
Name:			
1. Mr. Zahid Latif Khan (CEO/Director)		1,099,000	99.91
2. Mr. Muhamamd Atif Khan (Director)		500	0.045
3. Mr. Ajmal Sultan (Director)		500	0.045
Associate companies , undertakings and related parties	NIL	NIL	NIL
Executives	NIL	NIL	NIL
Public Sector Companies and Corporations	NIL	NIL	NIL
Banks, development finance institution, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	NIL	NIL	NIL
Others	NIL	NIL	NIL
Total:		1,100,000	100.00

Shareholders Holding 5% or More:

NAME	SHARES HELD	PERCENTAGE (%)
Mr. Zahid Latif Khan (CEO/Director)	1,099,000	99.91

Authorized Signatory
Ajmal Sultan (Director)

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All the transactions are subjected to the rules and regulations of the Pakistan Stock Exchange Ltd.
All the transactions are subjected to the rules and regulations of the Pakistan Mercantile Exchange Ltd.



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, 2022 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, 2022 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.

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.

Lahore Office:

3rd Floor, Pace Tower, Plot No. 27, Block "H", Gulberg 2 Lahore
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



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.
- 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) 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 statement of financial position was prepared.
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 Ul Haq.

Place: Islamabad
Date: October 31, 2022
UDIN:AR202210163hDAEp2wJu


Nasir Javaid Maqsood Imran
Chartered Accountants

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

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	24,148,423	14,281,167
Long term deposits	5	1,420,000	1,420,000
Long term investments	6	56,989,845	47,097,039
Intangible assets	7	2,500,000	2,500,000
Deferred tax asset	8	4,696,475	2,561,346
		89,754,743	67,859,552
CURRENT ASSETS			
Short term investment	9	131,070,973	438,976,369
Trade receivables	10	141,709,108	129,841,438
Advances	11	51,695,929	150,025,644
Deposits and other receivables	12	19,595,499	78,395,199
Cash and bank balances	13	166,248,946	262,658,662
		510,320,455	1,059,897,311
		600,075,198	1,127,756,863
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	110,000,000	55,000,000
Capital reserve:			
Deposit for shares		-	55,500,000
Revenue reserve:			
Unappropriated profit		171,815,867	441,968,828
		281,815,867	552,468,828
CURRENT LIABILITIES			
Trade and other payables	15	154,513,589	386,631,790
Accrued interest	16	3,684,386	1,747,744
Short term bank borrowings	17	156,683,654	161,462,297
Provision for taxation	18	3,377,702	25,446,204
		318,259,331	575,288,035
		600,075,198	1,127,756,863
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	19		

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



DIRECTOR



DIRECTOR

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Revenue	20	116,622,843	265,372,344
Capital/gain (loss) realised - net		9,916,125	122,523,827
Unrealized fair value gain/(loss) on investment remeasurement-FVTPL - net	22.1	(283,356,909) (156,817,940)	275,781,220 663,677,391
Direct expenses	23	(75,682,206) (232,500,147)	(211,135,541) 452,541,850
Operating expenses	24	(25,581,901) (258,082,048)	(19,524,696) 433,017,154
Financial charges	25	(10,903,343)	(8,789,735)
Other income	26	19,355	-
Profit/(loss) before taxation		(268,966,036)	424,227,419
Taxation	27	(1,186,925)	(27,213,903)
Net profit/(loss) after taxation		(270,152,961)	397,013,516

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

DIRECTOR



DIRECTOR



ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	<u>Rupees</u>	<u>Rupees</u>
Net (loss)/ profit for the year	(270,152,961)	397,013,516
Items that may not be reclassified to profit or loss:	-	-
Total comprehensive (loss) / income for the year	<u>(270,152,961)</u>	<u>397,013,516</u>

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



DIRECTOR




DIRECTOR

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

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/ profit before tax		(268,966,036)	424,227,419
Adjustments for non-cash and other items:			
Depreciation		3,407,255	1,764,942
Financial charges		10,903,343	-
Provision for bad debts		2,760,574	1,083,868
Unrealized (gain)/loss on short term investment		283,356,909	(275,781,220)
		300,428,081	(272,932,410)
		31,462,045	151,295,009
Working capital changes			
(Increase) / decrease in current assets:			
Short term investment		14,655,682	(89,877,781)
Trade receivables		(14,628,245)	(46,768,443)
Loans and advances		98,329,715	(142,953,760)
Deposits, prepayments and other receivables		31,171,052	(30,314,657)
		129,528,204	(289,914,641)
Increase / (decrease) in current liabilities		(232,618,201)	280,730,435
		(71,627,952)	142,110,802
Finance charges paid		(8,966,701)	-
Income tax paid		(3,478,778)	(22,637,878)
Net cash generated from operating activities		(64,073,431)	119,472,924
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(7,557,642)	(5,793,051)
Net cash (used in) investing activities		(7,557,642)	(5,793,051)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan repaid		(4,778,643)	-
Net cash inflow from financing activities		(4,778,643)	-
Net increase / (decrease) in cash and cash equivalents		(96,409,716)	113,679,874
Cash and cash equivalents at the beginning of the year		262,658,662	148,978,789
Cash and cash equivalents at the end of the year	13	166,248,946	262,658,662

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

DIRECTOR

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

	SHARE CAPITAL	REVENUE RESERVE	CAPITAL RESERVE	TOTAL
		ACCUMULATED PROFIT / (LOSS)	DEPOSIT FOR SHARES	
	-----Rupees-----			
Balance as at July 01, 2020	55,000,000	44,955,312	55,500,000	155,455,312
Deposit for shares	-	-	-	-
Total comprehensive income for the year	-	397,013,516	-	397,013,516
Balance as at June 30, 2021	55,000,000	441,968,828	55,500,000	552,468,828
Balance as at July 01, 2021	55,000,000	441,968,828	55,500,000	552,468,828
Issue of shares against deposit for shares	55,000,000	-	(55,000,000)	-
Other liabilities	-	-	(500,000)	(500,000)
Total comprehensive loss for the year	-	(270,152,961)	-	(270,152,961)
Balance as at June 30, 2022	110,000,000	171,815,867	-	281,815,867

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


 DIRECTOR


 DIRECTOR

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

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-A1 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
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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.

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 functional currency.

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, 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.

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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 statement of financial position 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.
Interest income is recognized on time apportionment basis when right is established.

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. The provision for the year is provided after deducting the value of secured amounts.

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 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
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3.9 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 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 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.

ii) 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. 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 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 FVTPL.

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.

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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.

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.

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, 2021											
Opening Net Book Value	7,092,767	1,405,147	119,551	63,320	16,833	458,465	942,537	1,352	183,085	-	10,253,068
Additions	51,946	336,503	238,090	24,261	-	-	162,937	-	9,426	4,529,979	5,793,051
Depreciation Charge	(710,874)	(234,069)	(20,908)	(15,492)	(2,525)	(68,770)	(313,830)	(203)	(28,523)	(309,748)	(1,764,942)
Disposal											
Adjustment											
Net Book Value	6,443,829	1,507,581	336,643	72,089	14,308	389,695	791,644	1,149	163,987	4,560,230	14,281,167
As at June 30, 2021											
Cost	9,086,936	3,119,313	632,107	151,941	167,925	772,895	3,214,977	19,100	336,047	4,929,979	22,511,220
Accumulated Depreciation	(2,623,107)	(1,611,732)	(295,464)	(79,852)	(153,617)	(383,199)	(2,523,333)	(17,951)	(172,060)	(369,748)	(8,233,053)
Net book value	6,443,829	1,507,581	336,643	72,089	14,308	389,695	791,644	1,149	163,987	4,560,230	14,281,167
Year ended July 1, 2021											
Opening Net Book Value	8,443,529	1,507,581	336,643	72,089	14,308	389,695	791,644	1,149	163,987	4,560,230	14,281,167
Additions	-	806,575	418,584	-	-	254,562	1,137,976	-	11,036	10,645,776	13,274,511
Depreciation Charge	(644,383)	(336,994)	(95,427)	(10,813)	(2,146)	(93,457)	(411,421)	(172)	(28,116)	(1,787,326)	(3,407,255)
Disposal											
Adjustment											
Net Book Value	5,799,146	1,978,162	659,800	61,276	12,162	550,801	1,518,199	977	148,908	13,418,682	24,148,413
As at June 30, 2022											
Cost	9,086,936	3,925,688	1,050,991	151,941	167,925	1,027,447	4,452,953	19,100	347,083	15,575,757	35,785,731
Accumulated Depreciation	(3,287,490)	(1,947,526)	(390,890)	(90,665)	(155,763)	(476,646)	(2,934,753)	(18,123)	(198,175)	(2,157,075)	(11,637,358)
Net book value	5,799,446	1,978,162	659,800	61,276	12,162	550,801	1,518,199	977	148,908	13,418,682	24,148,423
Rate of depreciation	10%	15%	15%	10%	15%	15%	30%	15%	15%	15%	

5 Long term deposits

Security deposits with:

National Clearing Company of Pakistan Limited

Pakistan Stock Exchange Limited

Mobile phones

	2022 Rupees	2021 Rupees
Note		
	1,200,000	1,200,000
	200,000	200,000
	20,000	20,000
	1,420,000	1,420,000

6 Long term investment

Trading right entitlement share holders

6.1	56,989,845	47,097,039
	56,989,845	47,097,039

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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.17.46/share(2021: 15.52/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.

7 Intangible assets	Note	2022	2021
		Rupees	Rupees
Membership card	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.

8 Deferred tax asset/(liability)	Note	2022	2021
		Rupees	Rupees
Tax losses and credits - asset		996,484	2,848,464
Provision for bad debt		4,124,034	-
Property and equipment - liability		(424,043)	(287,118)
		<u>4,696,475</u>	<u>2,561,346</u>

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

9 Short term investment	Note	2022	2021
		Rupees	Rupees
Financial assets at fair value through profit or loss			
Investment in quoted equity securities	9.1	131,070,973	438,976,369
		<u>131,070,973</u>	<u>438,976,369</u>

9.1 This represent investment in:

2022		2021	
Symbol of Security	No. of Security	Symbol of Security	No. of Security
AIRLINK	483	UNITY	1,000
ALAC	100,000	ALAC	100,000
ANL	457,500	FCCL	3,000
ASC	80,000	GTJR	102,000
BAPL	52,500	CRTMR2	153,750
CPHL	227,250	HASCOL	100,400
CRTM	452,500	SERF	172,500
EFERT	60,000	CRTBR2	153,750
EPOL	5,500	MUGHAL	800
FCCL	3,000	GGGL	1,168,000
FFBL	85,000	PAEL	45,000
FLYNG	210,000	PIBTL	25,000

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GGGL	404,000	PKGI	521,500
GGL	494,676	PRL	10,000
GTECH	200,500	SSGC	7,875
GTYR	102,000	TRG	2,088,000
HASCOL	400,000	PPL	27,766
MODAM	6,000	BAFL	28,930
MUGHAL	20,920	KAPCO	52,500
OBOY	2,500	ANL	407,500
OCTOPUS	8,506	CRTM	452,500
OGDC	21,000	ASC	155,000
PABC	10,000	PSX	100,000
PAEL	82,400	BYCO	50,000
PIBTL	25,000		
PPL	27,766		
PRL	60,000		
SNGP	6,467		
SSGC	7,875		
SSIC	100,000		
TPLP	2,741		
TRG	888,977		
TSMF	1,600		
UNITY	76,000		
WAVES	100,000		

	Note	2022 Rupees	2021 Rupees
10 Trade receivables			
Trade debts		155,929,917	141,301,672
Less: Provision for bad debts	10.1	(14,220,808)	(11,460,234)
		<u>141,709,108</u>	<u>129,841,438</u>
10.1 Movement in provision for bad debts			
Balance at beginning of the year		11,460,234	10,376,366
Charged during the year		2,760,574	1,083,868
Balance at end of year		<u>14,220,808</u>	<u>11,460,234</u>
11 Advances			
Advances - unsecured & considered good			
To staff against salary		4,793,161	4,218,750
Advance for expenses		-	530,000
Advance for purchase of building		46,902,768	138,472,768
Advance for purchase of vehicles		-	6,804,126
		<u>51,695,929</u>	<u>150,025,644</u>
12 Deposits and other receivables			
Deposits			
Withholding income taxes	12.1	2,862,108	30,490,756
Security deposit - Office premises		310,000	310,000
Margin deposit - Pakistan Stock Exchange Limited		11,865,150	30,913,078
Security deposit - Central Depository Company of Pakistan		75,000	75,000
Security deposit - Pakistan Mercantile Exchange		750,000	750,000
Clearing Deposit with PMEX		1,612,462	2,395,915
		<u>17,474,720</u>	<u>64,934,749</u>

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

	Note	2022 Rupees	2021 Rupees
Other receivables			
Due from National Clearing Company of Pakistan Limited		339,800	13,243,337
Other Advances		1,481,132	45,367
Other receivable		299,847	171,746
		<u>2,120,779</u>	<u>13,460,450</u>
		<u>19,595,499</u>	<u>78,395,199</u>
12.1 Withholding income taxes			
Opening withholding tax		30,490,756	8,562,969
Adjusted during the year		(29,115,756)	(710,091)
(Paid)/ withheld during the year		1,487,109	22,637,878
		<u>2,862,108</u>	<u>30,490,756</u>
13 Cash and bank balances			
Cash in hand		2,499,299	3,109,016
Cash at bank - current accounts		163,749,646	259,549,645
		<u>166,248,946</u>	<u>262,658,662</u>
14 Share capital and reserves			
Authorized:			
1,100,000 ordinary shares of Rs. 100/= each		<u>110,000,000</u>	<u>110,000,000</u>
Issued, subscribed and paid up:			
1,100,000 (2021: 550,000) ordinary shares of Rs. 100/= each in cash		<u>110,000,000</u>	<u>55,000,000</u>
		<u>110,000,000</u>	<u>55,000,000</u>
15 Accrued and other liabilities			
Trade payables		135,822,432	241,989,899
Other Liabilities	15.1	3,036,442	4,521,313
Sales tax / FED payable		356,283	4,236,749
Commission payable		6,525,996	66,713,474
Audit fee payable		287,500	250,000
CGT payable		66,124	58,656,374
Unclaimed dividend - client shares		7,893,755	6,622,568
PSX Taxes and charges		-	125,283
Withholding tax payable		525,058	3,516,131
		<u>154,513,589</u>	<u>386,631,790</u>
15.1 It includes Rupees 500,000/- payable to CEO in respect of refundable share deposit money.			
16 Accrued interest			
MCB Bank Limited		1,007,348	649,051
JS bank		2,677,038	1,098,693
		<u>3,684,386</u>	<u>1,747,744</u>
17 Short term bank borrowings			
Muslim Commercial Bank Limited	17.1	74,998,399	21,393,152
JS bank Limited	17.2	81,685,256	140,069,145
		<u>156,683,654</u>	<u>161,462,297</u>

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- 17.1 The facility with MCB Bank Limited is available to the tune of Rs. 10 million (2021 : 10 million) against Shares 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.

- The facility with MCB Bank Limited is available to the tune of Rs. 75 million (2021 : 55 million) against the running finance
 RF - II
 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;
- Collateral: Registered mortgage of Rs 0.1 million and rest through equitable mortgage of residential property plot no.07 & 09, Street 13, Sector C, DHA phase 1, Islamabad 1533.02 sq. yard as per site. Although entire area is mortgaged but 1000 sq. yards will be considered for collateral coverage.

- 17.2 Following Facilities is available from JS Bank:

The Running facility is available to the tune of Rs. 100 million (2021 : 200 million) against JS bank RF at the markup of:
 SMR(3 months Kibor + 550 bps)
 TPMR (3 month Kibor + 250 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.

The Running facility is available to the tune of Rs. 100 million as per approved margin against JS bank RF at the markup of:

SMR(3 months Kibor + 575 bps)
 TPMR (3 month Kibor + 275 bps)

These facilities are secured by way of:

- TRM of Rs 100,000/ & remaining through EM over commercial propert located at Office no.803 ,8th floor ,Plot No.55-B known as islamabad stock exchange tower(ISE),Jinnah Avenue,Blue Area,Islamabad
- Personal guarantees of the directors along with PNWS.

- 18.3 Letter of Gurantee (LG-I) of RS. 7.5 million (2021: 7.5 million) and (LG-II) million (2020: 22.5 million) and Letter of Gurantee (LG-III) of Rs 30 million (2021: Nil) at following terms:
 100% cash margin
 Comission of 0.3% per quarter
 Security collateral: 100% cash margin in margin account and Counter gurantee of the Company.
 Note:
 This facility is not being availed by Client

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	Note	2022 Rupees	2021 Rupees
18 Provision for Taxation			
Opening provision		25,446,204	2,846,101
Tax expense during the year		3,322,054	23,310,194
Adjusted against advance tax/paid		(25,390,556)	(710,091)
Closing provision		<u>3,377,702</u>	<u>25,446,204</u>
19 Contingencies and commitments			
Contingencies:			
There are no contingencies as at year end.			
Commitments:			
Currently there are no commitments against the company in foreseeable future.			
	Note	2022 Rupees	2021 Rupees
20 Revenue			
Securities brokerage		103,196,160	246,560,793
Dividend		1,844,886	10,639,044
IPO commission		560,951	14,485
Commodity brokerage		8,770,423	6,701,727
Profit on Margin Deposit		2,250,424	1,456,295
		<u>116,622,843</u>	<u>265,372,344</u>
22 Un realized gain on remeasurment of investments at fair value-through profit or loss			
Quoted Securities		(293,249,715)	271,775,544
Unquoted Securities		9,892,806	4,005,676
		<u>(283,356,909)</u>	<u>275,781,220</u>
22.1 Quoted Securities			
Market value of investment in shares(Quoted Securities)		131,070,973	438,976,369
Less: Cost of investment		(424,320,688)	(167,200,826)
		<u>(293,249,715)</u>	<u>271,775,544</u>
22.2 Un quoted Securities			
Market value of investment in shares		52,984,168	47,097,039
Less: Cost of investment		(43,091,363)	(43,091,363)
		<u>9,892,806</u>	<u>4,005,676</u>
23 Direct Expenses			
Staff salaries and benefits		37,866,126	28,429,671
Commission		22,504,894	165,830,525
Directors' remuneration		3,623,656	3,263,609
Investor protection fund		95,235	1,002,157
Central Depository Company expense		3,684,695	3,807,872
ISEL/LSEL/NCCPL trading fee		2,878,855	5,343,939
Depreciation		3,407,255	1,764,942
Utilities - Internet		567,149	446,307
Utilities - Telephone		1,054,342	1,255,519
		<u>75,682,206</u>	<u>211,135,541</u>

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	Note	2022 Rupees	2021 Rupees
24 Operating expenses			
Utilities - Other		3,897,972	2,096,186
Rents, Rates & Taxes		7,201,960	5,872,950
Entertainment		2,747,016	1,774,374
Fee and subscription		1,068,317	1,706,508
Miscellaneous		649,188	790,413
Printing and stationary		431,951	272,457
Postage and telegram		182,776	142,552
Travelling & Conveyance		444,711	414,448
Office repair and maintenance		294,028	501,771
Audit fee		287,500	250,000
Software expenses		1,268,985	3,279,442
Newspapers and periodicals		60,171	60,948
Legal and professional charges		124,000	85,000
Vehicle running and maintenance		1,442,080	811,285
Welfare Committee		90,000	84,500
Advertisement		2,222,955	140,616
Insurance		407,717	157,378
Provision for bad debts		2,760,574	1,083,868
		<u>25,581,901</u>	<u>19,574,696</u>
25 Financial charges			
Markup on running finance facility		10,663,243	8,036,407
Bank charges		240,095	753,328
		<u>10,903,343</u>	<u>8,789,735</u>
26 Other income			
Markup on delayed car delivery		19,355	-
		<u>19,355</u>	<u>-</u>
27 Taxation			
Current tax		3,377,702	23,074,855
Prior year		(55,648)	235,339
Deferred		(2,135,120)	3,903,709
		<u>1,186,925</u>	<u>27,213,903</u>

27.1 The dividend income and capital gain falls under the ambit of presumptive tax regime under section 189 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 minimum, final and fixed taxation.

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

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	
	2022	2021	2022	2021
Long term deposits	1,420,000	1,420,000	-	-
Short term investment			131,070,973	438,976,369
Long term investments			56,989,845	47,097,039
Trade debts	141,709,108	129,841,438	-	-
Deposits, prepayments and other receivables	16,733,391	47,904,443	-	-
Cash and bank balances	166,248,946	262,658,662	-	-
Loans and advances	4,793,161	4,218,750	-	-
	<u>330,904,606</u>	<u>591,850,166</u>	<u>188,060,818</u>	<u>482,067,732</u>

28.2 Financial liabilities as per statement of financial position

	At Ammortized Cost		At Fair Value Through Profit & Loss	
	2022	2021	2022	2021
Trade payables	135,822,432	241,989,899	-	-
Short term bank borrowings	156,683,654	161,462,297	-	-
Accrued and other liabilities	22,375,543	139,767,068	-	-
Provision for taxation	3,377,702	25,446,204	-	-
	<u>318,259,331</u>	<u>568,665,468</u>	-	-

29 Capital Adequacy Level

	Note	2022 Rupees	2021 Rupees
Total Assets		600,075,198	1,127,756,863
Less: Total Liabilities		(318,259,331)	(575,288,035)
Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
		<u>281,815,867</u>	<u>552,468,828</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.

30 Information required by regulation 34 of Securities Broker Regulations

	2022 Rupees	2021 Rupees
a) Customer shares in the central depository system	166,179,280	151,917,883
Customer's cash in bank account - PKR	137,006,280	241,998,105
b) Securities pledged with financial institutions-customer	5,210,931	NIL
Securities pledged with financial institutions-house	6,033,816	3,374,000
c) Income from dividends	1,844,886	10,639,044
d) Pattern of shares:		
Zahid Latif Khan (CEO/Director)	1,039,000	549,000
Ajmal Sultan (Director)	500	500
Muhammad Atif Khan (Director)	500	500
Total no of shares	1,100,000	550,000
e) Changes in shareholding : Shares Issued to Zahid Latif Khan	550,000	NIL

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

- 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 | 11,564,116 | 51,081,892 |
| Due more than 5 days - PKR | 144,365,801 | 90,219,780 |

31 Remuneration of Chief Executive Officer and Director

	2022		2021	
	Chief Executive	Director	Chief Executive	Director
	Rupees			
Managerial remuneration	-	3,623,656	-	3,263,609
Bonus	-	449,000	-	-
Commission	34,505,559	-	84,510,517	-
	<u>34,505,559</u>	<u>4,072,656</u>	<u>84,510,517</u>	<u>3,263,609</u>
Number of person	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

- 32 Number of employees
- | | | |
|-------------|------|------|
| | 2022 | 2021 |
| At year end | 45 | 48 |
| Average | 46 | 48 |

- 33 Net and liquid capital balances
- | | | |
|--|------------|-------------|
| | 2022 | 2021 |
| | Rupees | Rupees |
| Net capital balance-as per Annexure A | 56,301,122 | 240,831,821 |
| Liquid capital balance-as per Annexure B | 26,159,149 | 100,461,637 |

34 Related party transactions and relationships

Name of related party	Relationship and percentage shareholding	Transactions during the year and balances	2022	2021
			Rupees	Rupees
Zahid Latif Khan	Chief Executive Officer, 99.82%	Sold office building	-	-
		Purchased office building	-	-
		Balance	-	-

- 35 Date of authorization for issue
 These financial statements were authorized for issue on OCTOBER 31, 2022 by the Board of Directors of the

- 36 General
 Figures have been rounded off to the nearest rupee



 DIRECTOR



 DIRECTOR

M/S ZAHID LATIF KHAN SECURITIES (PVT) LTD
Computation of Liquid Capital
As on 30.06.2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.1	Property & Equipment			
1.2	Intangible Assets	24,148,423	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	2,500,000	100.00%	-
	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%	-
1.4	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			
1.5	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.	131,070,973	111,410,327	111,410,327
	ii. If unlisted, 100% of carrying value.	56,989,845	100.00%	-
	iii. Subscription money against investment in IPO/offer for sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking	-	-	-
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,420,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	13,477,612	-	13,477,612
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties.	-	100.00%	-
1.13	Dividends receivables.	-	-	-
	Amounts receivable against Repo financing.	-	-	-
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	4,793,161	0.00%	4,793,161
	ii. Receivables other than trade receivables	51,193,747	100.00%	-
	Receivables from clearing house or securities exchange(s)	-	-	-
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	ii. claims on account of entitlements against trading of securities in all markets including MtM gains.	339,800	339,800	339,800
	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	-	-	-
	i. Lower of net balance sheet value or value determined through adjustments.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	-	-	-
1.17	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	11,564,116	-	11,564,116
	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 held in sub-accounts after applying VaR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	144,365,801	60,948,056	60,948,056
	v. 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	26,743,367	-	26,743,367
	ii. Bank balance—customer accounts	137,006,280	-	137,006,280
	iii. Cash in hand	2,499,299	-	2,499,299
1.19	Subscription money against investment in IPO/Securities	-	-	-
1.20	Total Assets	608,112,424		368,782,018

2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	135,822,432	-	135,822,432
	Current Liabilities			
	i. Statutory and regulatory dues	1,234,964	-	1,234,964
	ii. Accruals and other payables	21,140,579	-	21,140,579
	iii. Short-term borrowings	156,683,654	-	156,683,654
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	(4,696,475)	-	(4,696,475)
	vii. Provision for bad debts	14,220,808	-	14,220,808
	viii. Provision for taxation	1,890,594	-	1,890,594
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
2.3	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	-	-	-
2.4	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. iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Subordinated Loans			
2.5	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. ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.6	Total Liabilities	326,296,556	-	326,296,556
Ranking Liabilities Relating to				
3.1	Concentration in Margin Financing The amount calculated client-to-client basis, by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	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	Amount Payable under REPO	-	-	-
Repo adjustment				
3.7	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	-	-	-
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	-	6,874,459	6,874,459
Opening Positions in futures and options				
3.9	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	13,356,439	3,904,585	9,451,854
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	3,981,996	3,981,996	-
Short sell positions				
3.10	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.	-	-	-
3.11	Total Ranking Liabilities	17,338,435	14,761,040	16,326,313
		264,477,432	Liquid Capital	26,159,149

Calculation summary of Liquid Capital

i) Adjusted value of assets (Serial number 1.20)

ii) Less: Adjusted value of liabilities (Serial number 2.6)

iii) Less: Total ranking liabilities (Serial number 3.11)

388,782,018

(326,296,556)

(16,326,313)

26,159,149

AJMAL SULEMAN
Director




Zahid Latif Khan Securities (Private) Limited
Calculation of Net Capital
As at June 30, 2022

ANNEXURE A

	<u>Amount</u> <u>(Rupees)</u>
<u>Current assets</u>	
Cash in hand	1 2,499,299
Cash at bank	1 163,749,646
Total cash and Bank Balances	166,248,946
Account receivable and other Assets	
Future clearing	339,800
Clearing Depaosit with PMEX	1,612,462
Margin deposit with PSX	11,865,150
Account Recievables	2 14,978,737
Investment in listed securities in the name of broker	3 111,410,327
Securities purchased for clients but payment has not been received within 14 days	66,617,924
Total account recievables and other assets	206,824,400
Total Current Assets	<u>373,073,346</u>
<u>Current liabilities</u>	
Overdue for more than 30 days	4 72,494,063
Other Liabilities	5 244,278,161
Total Current Liabilities	316,772,224
Net Capital Balance	<u>56,301,122</u>



Zahid Latif Khan Securities (Pvt) Limited
Notes to Net capital balance
as at 30 June 2022

	Note	30-Jun-22 (Rupees)
Cash and Bank Balances		
Cash and Bank balances has been taken as per book value		
1 Cash in Hand		2,499,299
Cash at bank		
Bank Balance pertaining to brokerage House		26,743,367
Bank Balance pertaining to Clients		137,006,280
Total Bank Balances		163,749,646
2 Aging and breakup of account receivables		155,929,917
Trade receivables		140,951,180
Less: over due for more than 14 days		
Balance generated within 14 days and/or net yet due		14,978,737
3 Investment in Listed Securities in the name of broker		131,070,973
Securities on exposure list marked to market		19,660,646
Less: 15% Discount		
Net Value		111,410,327
4 Account Payables	6	135,822,432
Trade payables		63,328,369
Less: overdue for more than 30 days		
Account payables overdue for 30 days		72,494,063
5 Other Liabilities	4	63,328,369
Account Payables		24,266,137
Accrued and Other Liabilities		156,683,654
Short term borrowings		
Other Liabilities		244,278,160

6 Reconciliation of Client Wise Payable Balance and their corresponding payables balance

Trade Payables

6.1

135,822,422
<hr/>
135,822,422
<hr/>

Clientwise break-up of trade payables is attached in Annexures
Trade Payables includes 50% profit on future withheld amounting

6.1 Balance as per Bank book

Less: Balance Deposited in account by brokerage House

137,006,280
(1,183,858)
<hr/>
135,822,422
<hr/>

Director

Director