

INVESTORS'
PROTECTION FUND
(IPF) TRUST

ANNUAL REPORT

2022





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VISION STATEMENT

Protection of interests of the Investors of erstwhile Lahore Stock Exchange.

MISSION STATEMENT

To manage and maintain the funds and incomes of the Trust and settlement of investor claims as per Rules and Regulations of erstwhile Lahore Stock Exchange.

OBJECTIVES OF THE TRUST

1. to constitute and administer the Trust Funds for providing protection to the Investors.
2. to generate earnings of the Trust for this purpose.
3. to pay off the claims of the Investors in accordance with the LSE's IPF Regulations.
4. to generate earnings for this purpose through the Trust's working and investments.
5. the winding up of the Trust and transfer of surplus assets/funds to the Customer Protection Compensation Fund as per direction of the Commission after meeting all claims and liabilities.



HISTORY

Establishment OF Investors' Protection Fund Trust (IPF):

The Investors' Protection Fund (IPF) Trust was established by erstwhile Lahore Stock Exchange Limited (LSE). In May-2013, with the permission of the Securities and Exchange Commission of Pakistan (SECP) and the Board of Directors of LSE, its Trust Deed was registered. Initially, the Chairman, MD and Directors of LSE were appointed as the Trustees of the IPF Trust and accordingly, LSE transferred the Trusts' funds into its separate bank accounts.

Generation of the Funds till the date of Integration of Stock Exchanges:

The main purpose of the IPF Trust was to manage and maintain this fund for the protection and benefits of the investors so as to generate funds and earnings for paying off the claims of the investors in accordance with LSE's Regulations. Since September-2005, as per transaction rates, IPF had been collected @ 0.0008925% per transaction from Members/TREC holders on weekly basis till the date of Integration of Stock Exchanges i.e., January 11, 2016.

Demutualization and Integration:

During the year 2012, under the first phase of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the stock exchanges were demutualized and LSE became a public company. All brokers/members were issued shares of LSE along with the Trading Right Entitlement Certificates (TRECs).

Role of SECP, Terms & Conditions of the Trust and Execution of Trust Deeds:

In the year 2015, under the second phase of the Stock Exchanges Act, 2012, the three stock exchanges were entered into the Scheme of Integration, executed by January 11, 2016 as per the Integration Order of the Commission. Accordingly, Lahore Stock Exchange Ltd. ceased to be a stock exchange while converting into NBFC. Moreover, the Commission also issued the amended Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012 dated, December 17th, 2015. Under Regulation No. 15 of these Regulations, the Commission constituted the Funds Committee for LSE (replacing LSE) for oversight of the Trust Funds of LSE and also nominated its members. The Trust Deeds were amended as per direction of the Commission which includes the terms and conditions, bylaws of the Trust and also the composition of the Trustees as per the amended Regulations. The Commission also granted its approval for the appointment of the new Trustees of these Trust Funds as per recommendation of the Funds Committee for LSE as per given composition in the Trust Deeds.



Funds Distribution:

Currently, these Trusts are entertaining all the claims and cases against the defaulted Members/TREC holders of erstwhile LSE prior to the date of Integration i.e., January 11, 2016 as well as the claims against the Ex-TREC holders of erstwhile LSE inducted by Pakistan Stock Exchange (PSX) relating the period prior to the Integration. As per IPF Regulations of erstwhile LSE, the contribution against the approved claims of a TREC holder is released up to Rs. 6 million from the IPF.

Interest Income and Its Utilization:

As per scheme of Integration and considering the continuity of business of the TREC holders of LSE, the Commission accorded permission to provide bank guarantees to PSX against the Base Minimum Capital (BMC) requirement of all the Ex-TREC holders of erstwhile LSE inducted by PSX. BMC requirement is being calculated as per the BMC regulations of PSX (as per Chapter 19 of PSX Rule Book). The BMC calculation is reviewed and updated on monthly basis as per the detail of Assets under custody of each TREC holder.

Dissolution of Fund:

As per the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2015 applicable to the Trust Fund currently, the IPF Trust is in a transitional phase and this arrangement is on temporary basis. As per Regulation 15(16) of these Regulations, after meeting all claims, liabilities, with the permission of the Funds Committee IPF Trust shall be dissolved by the Trustees and any surplus assets, if any, shall be transferred forthwith to the Customer Protection Compensation Fund established and maintained in accordance with the regulations and rules for the Customer Protection Compensation Fund under Sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015 within such time as may be determined by the Commission. The same had been incorporated in the last executed amended Trust Deed of the IPF Trust as per direction of the Commission in the clause relating Integration and Winding up of the Trust.



CORPORATE INFORMATION

Board of Trustees

1.	Mr. Rashid Rahman Mir	Chairman
2.	Mr. Ammar ul Haq	Trustee
3.	Mr. Asif Baig Mirza	Trustee
4.	Mr. Jahanzeb Mirza	Trustee
5.	Dr. Yasir Mahmood	Trustee

Funds and Operational Manager

LSE Financial Services Limited

Management through Funds and Operational Manager:

Secretary to the Trust

Mr. Muhammad Sajjad Hyder

Head of Finance

Mr. Ghulam Mustafa

Auditors

RSM Avais Hyder Liaquat Nauman, Chartered Accountants

Registered Office

Lower Ground Floor, LSE Plaza, 19 – Khayaban-e-Aiwan-e-Iqbal, Lahore



Annual Performance Review

Report of the Funds & Operational Manager of the IPF, TCF &MCF Trusts of LSE, on the financial performance of the Trust Funds for the periods ended June 30, 2022 & September 30, 2022.

The Management of LSE Financial Services Ltd. is pleased to present its report to the Funds Committee and the Board of Trustees of IPF, TCF & MCF Trusts of LSE, on the financial performance of the Trust Funds during the period ended September 30, 2022.

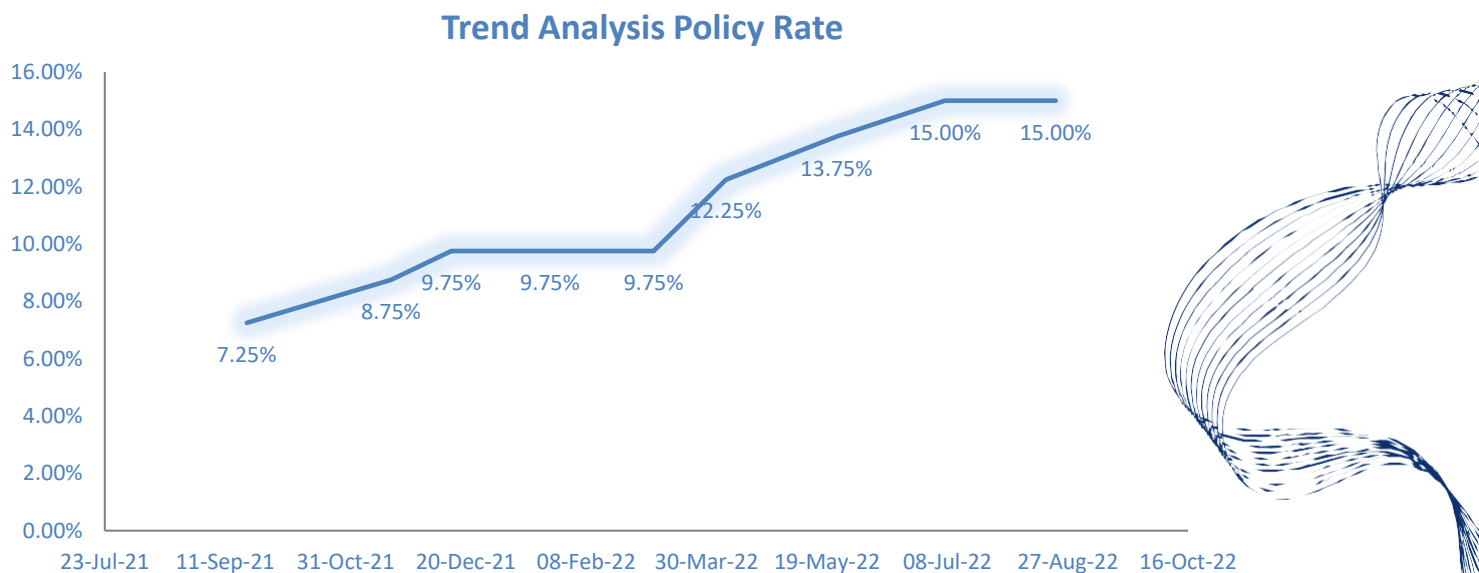
We are to confirm that all the investments of the Trust Funds were strictly made and efficiently managed as per the Investment Policy, approved by the Board of Trustees of the three Funds, with the aim to protect the principal through diversification, avoiding concentration risk and to maximize the profits.

POLICY RATE

15.00%

August 22, 2022

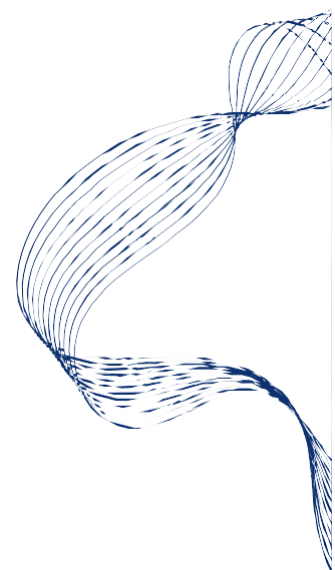
During the period under review, the Monetary Policy Committee (MPC) has increased policy rate by 1.25% from previous policy rate. Which is now 15.00% per annum.



During the period, our profit rate ranged from 6.50% to 14.70% p.a., on TDRs. The PLS account profit rate of the Banks is 13.25% p.a. The Funds were invested in TDRs as well as placed in PLS accounts of MCB Bank Ltd., Allied Bank Ltd. and Bank-Al-Habib Bank Ltd., having the following rating:

Trust	Bank	Rating		SBP Policy Rate / annum	SBP W.Avg Policy Rate / annum
		Long Term	Short Term		
IPF	MCB Bank Limited	AAA	A1+	15.00%	12.44%
MCF	MCB Bank Limited	AAA	A1+	15.00%	12.44%
TREC	MCB Bank Limited	AAA	A1+	15.00%	12.44%
	Allied Bank Limited	AAA	A1+		
	Bank Al-Habib Limited	AA+	A1+		

Based on projected cash flow, only minimum required cash amount was maintained in the PLS accounts of the Banks to cater for the regular payments related Fund Management Fee, meeting fee and misc. expenses etc. of the Trust Funds. The remaining balances were kept invested in 3 to 6 months TDRs with profit at maturity.



Weighted Average and Current Rates of the Funds Placed:

Description	IPF		MCF		TREC		Total	
	Sep-22	Jun-22	Sep-22	Jun-22	Sep-22	Jun-22	Sep-22	Jun-22
Weighted Avg. Rate on TDR	11.80%	8.40%	11.80%	8.50%	12.32%	9.77%	11.97%	8.89%
Weighted Avg. Rate on PLS	13.00%	7.58%	13.00%	7.58%	13.00%	7.58%	13.00%	7.58%
Rate on TDR's on Period end	11.80%	11.80%	11.80%	11.80%	12.51%	12.74%	12.04%	12.11%
Rate on PLS's on Period end	13.50%	7.58%	13.50%	7.58%	13.50%	7.58%	13.50%	7.58%

Note: TDR of IPF & MCF were purchased in April-2022 for 6 months and that time policy rate was 12.25% p.a. the pre-mature encashment of TDR is subject to penalty of 2% and rack PLS rate of purchased date is applicable which was 8.25% in April-2022.

Resultantly, the net income from the investment during the periods were achieved in the following manner:

Description	IPF			MCF			TREC			Total		
	Jun-22	Jun-21	% Change	Jun-22	Jun-21	% Change	Jun-22	Jun-21	% Change	Jun-22	Jun-21	% Change
	Rupee in 000		%	Rupee in 000		%	Rupee in 000		%	Rupee in 000		%
Income	25,302	18,720	35.16%	8,957	6,561	36.52%	40,419	30,028	34.60%	74,677	55,308	35.02%
Expense												
Direct	7,735	7,376	4.87%	2,624	2,505	4.76%	12,198	11,619	4.98%	22,557	21,499	4.92%
Administrative	2,149	1,207	78.11%	1,258	725	73.55%	3,620	2,497	45.01%	7,027	4,428	58.70%
	9,884	8,582	15.17%	3,882	3,230	20.20%	15,818	14,116	12.06%	29,585	25,927	14.10%
Net Income	15,418	10,137	52.09%	5,074	3,331	52.34%	24,600	15,912	54.60%	45,093	29,381	53.48%

Description	IPF			MCF			TREC			Total		
	Sep-22	Sep-21	Change	Sep-22	Sep-21	Change	Sep-22	Sep-21	% Change	Sep-22	Sep-21	Change
	Rupee in 000		%	Rupee in 000		%	Rupee in 000		%	Rupee in 000		%
Income	9,385	5,002	87.63%	3,308	1,783	85.55%	15,310	8,172	87.36%	28,004	14,957	87.23%
Expense												
Direct	1,939	1,858	4.32%	670	631	6.14%	3,116	2,929	6.37%	5,724	5,419	5.64%
Administrative	460	728	-36.75%	212	383	-44.54%	735	1,367	-46.20%	1,408	2,478	-43.17%
	2,399	2,586	-7.24%	882	1,014	-12.98%	3,851	4,296	-10.36%	7,133	7,896	-9.67%
Net Income	6,986	2,416	189.22%	2,426	769	215.49%	11,459	3,876	195.67%	20,871	7,060	195.62%

At the close of the financial period, i.e., on September 31, 2022, the investments of the Funds and net cash position is recorded as under:

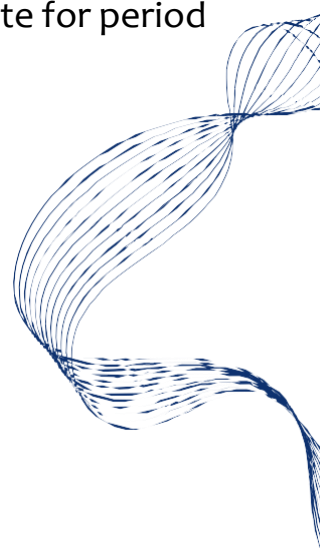
Description	IPF		MCF		TREC		Total	
	Sep-22	Jun-22	Sep-22	Jun-22	Sep-22	Jun-22	Sep-22	Jun-22
	----- Rupee in 000 -----							
Investment	313,000	313,000	110,000	110,000	483,000	483,000	906,000	906,000
Bank	1,302	3,637	785	1,562	26,634	19,523	28,721	24,723
Net Cash	314,302	316,637	110,785	111,562	509,634	502,523	934,721	930,723
Accrued Profit	17,008	7,690	5,978	2,703	8,481	4,010	31,468	14,403
Total Fund	331,311	324,328	116,763	114,265	518,115	506,533	966,189	945,125
Increase in Rs.	6,983		2,499		11,582		21,064	
Increase in %	2.15%		2.19%		2.29%		2.23%	

2021-2022, the Management has successfully obtained exemption under section 2(36) of Income Tax Ordinance, 2001 as NPO for IPF, MCF & TCF Trusts in July 2022 which expired on June 30, 2023.

Also, the exemptions on collecting withholding tax on profit (sec 151) have been granted by the department.

Future Outlook:

MPC in its meeting of October 10, 2022, has decided to retain the policy rate at 15.00% from August 22, 2022. All TDR have been booked on above 15% policy rate for period of 6 months which will ensure given rate profitability.

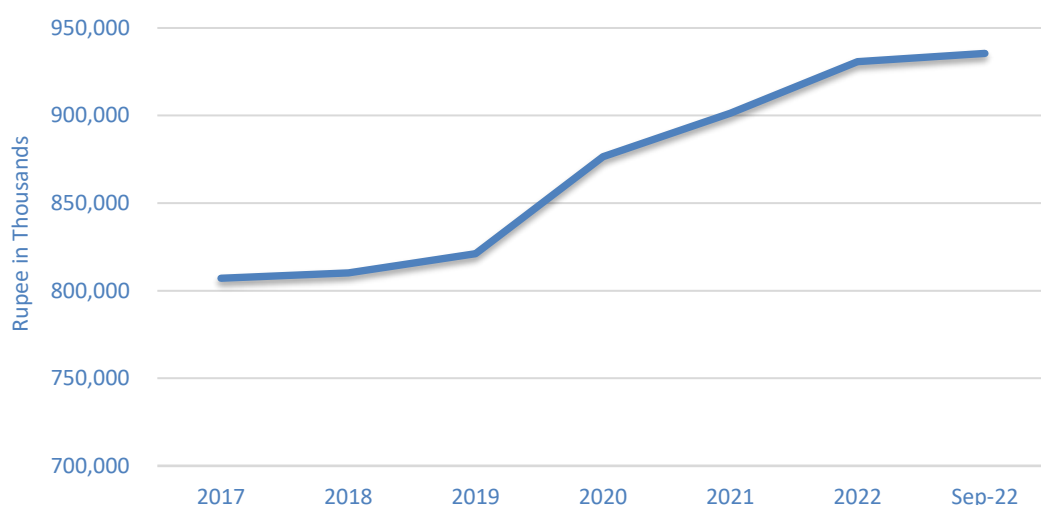


6 YEAR MANAGEMENT PERFORMANCE REVIEW

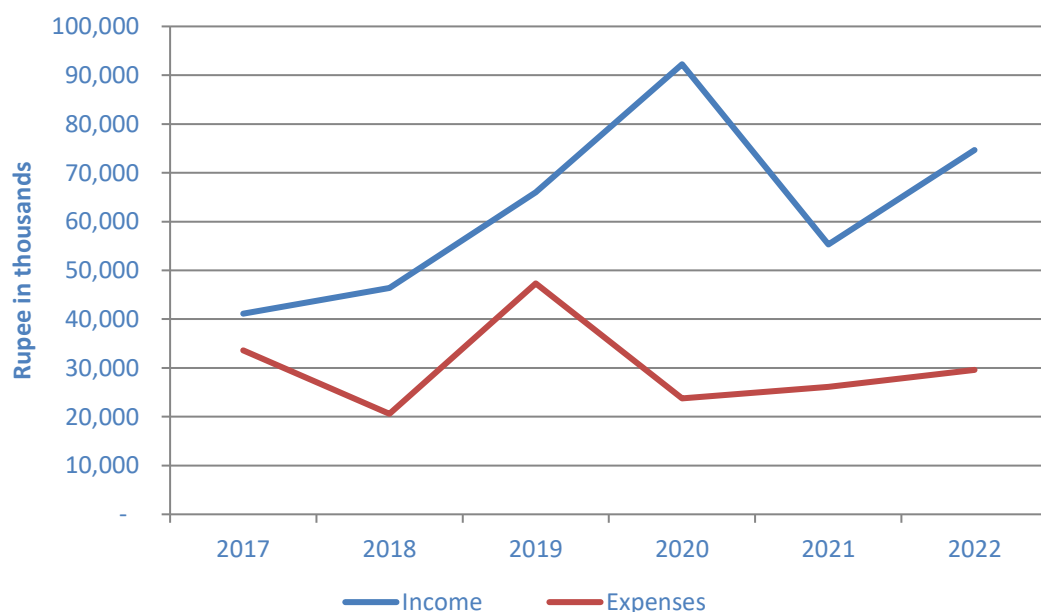
Six Years Achievement

Funds	01-Jan-16	6 Years				30-Sep-22
	Cash & cash equivalent	Income	Fund Management Fee	Payment to defaulted members	Other Expense	Cash & Cash equivalent
TCF Fund	397,081,780	216,064,593	65,006,406	-	15,053,031	509,633,868
IPF Fund	295,384,116	139,737,318	41,657,762	36,674,542	10,383,566	314,302,078
MCF fund	91,514,099	47,949,772	13,864,314	-	5,565,443	110,784,924
	783,979,995	403,751,683	120,528,482	36,674,542	31,002,040	934,720,870

Funds growth in 6 years



Income & Expense 6 years





Auditor's Report and Audited Financial Statements

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF LAHORE STOCK EXCHANGE INVESTORS'
PROTECTION FUND TRUST****Opinion**

We have audited the financial statements of LAHORE STOCK EXCHANGE INVESTORS' PROTECTION FUND TRUST (The Trust), which comprise the statement of financial position as at June 30, 2022, and the income and expenditure statement, statement of changes in funds and reserves, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at June 30, 2022, and of its financial performance and changes in its funds and reserves and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust 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 (the Code), 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.

Emphasis of Matter

We draw attention to the matters stated in note 8 to these financial statements which describes the uncertainty related to the outcome of the legal cases being contested by and against the Trust. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the 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, the Management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

The Trustees of the Trust are responsible for overseeing the Trust's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

RSM

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 auditors' 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 Trust'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 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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Trust's 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is Syed Ali Adnan Tirmizey.


RSM AVAIS HYDER LIAQUAT NAUMAN

Chartered Accountants

Date: 20 OCT 2022

Place: Lahore

UDIN:AR2022101934zFNmCU7

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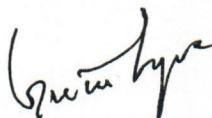
LAHORE STOCK EXCHANGE INVESTORS' PROTECTION FUND TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Current Assets			
Short term investment	4	313,000,000	300,000,000
Accrued interest		7,690,367	3,945,206
Tax refunds due from Govt.	5	8,622,708	7,828,614
Receivable from defaulted members		713,601	623,601
Bank balances	6	3,637,170	5,860,191
TOTAL ASSETS		333,663,846	318,257,612
FUNDS AND LIABILITIES			
General fund		276,785,515	276,785,515
Accumulated reserves		49,928,062	40,510,043
		326,713,577	317,295,558
Current Liabilities			
Other payables	7	6,950,269	962,054
Contingencies and Commitments	8	-	-
TOTAL FUNDS AND LIABILITIES		333,663,846	318,257,612

The annexed notes from 1 to 15 form an integral part of these financial statements.



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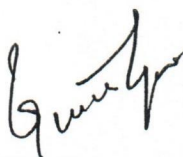
LAHORE STOCK EXCHANGE INVESTORS' PROTECTION FUND TRUST
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Interest income	9	25,301,885	18,719,520
EXPENDITURE			
Direct expenses	10	13,734,958	7,375,526
Administrative expenses	11	2,148,908	1,206,524
Total expenditure		15,883,866	8,582,050
Surplus for the year		9,418,019	10,137,470

The annexed notes from 1 to 15 form an integral part of these financial statements.



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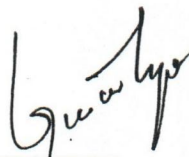
LAHORE STOCK EXCHANGE INVESTORS' PROTECTION FUND TRUST
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Accumulated Reserves	Total
	Rupees	Rupees	Rupees
Balance as at 30 June 2020	276,785,515	30,372,573	307,158,088
Net surplus for the year	-	10,137,470	10,137,470
Balance as at 30 June 2021	276,785,515	40,510,043	317,295,558
Net surplus for the year	-	9,418,019	9,418,019
Balance as at 30 June 2022	276,785,515	49,928,062	326,713,577

The annexed notes from 1 to 15 form an integral part of these financial statements.



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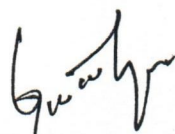
LAHORE STOCK EXCHANGE INVESTORS' PROTECTION FUND TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	9,418,019	10,137,470
Adjustments:		
Interest income	(25,301,885)	(18,719,520)
Operating (deficit) before working capital changes	(15,883,866)	(8,582,050)
(Increase) / decrease in current assets:		
- Receivable from defaulted members	(90,000)	-
Increase / (Decrease) in current liabilities:		
-Funds and operational management fee	6,715	52,781
-Other payables	5,981,500	(46,625)
	5,898,215	6,156
Net cash (used in) operations	(9,985,651)	(8,575,894)
Tax deducted at source	(794,094)	(2,538,785)
Net cash (used in) operating activities (A)	(10,779,745)	(11,114,679)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	21,556,724	16,918,424
Short term investments made	(13,000,000)	(20,000,000)
Net cash generated from / (used) in investing activities (B)	8,556,724	(3,081,576)
CASH FLOWS FROM FINANCING ACTIVITIES (C)	-	-
Net (decrease) in cash and cash equivalents (A+B+C)	(2,223,021)	(14,196,255)
Cash and Cash Equivalents at the beginning of the year	5,860,191	20,056,446
Cash and Cash Equivalents at the end of the Year	3,637,170	5,860,191

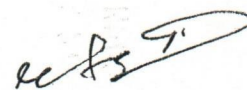
The annexed notes from 1 to 15 form an integral part of these financial statements.



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HEAD OF FINANCE

LAHORE STOCK EXCHANGE INVESTORS' PROTECTION FUND TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 Status and Activities

The Lahore Stock Exchange Investors' Protection Fund Trust (referred to as the "LSE IPF Trust" or the "Trust") was established by erstwhile Lahore Stock Exchange Limited (referred to as "LSE") vide Trust Deed registered on May 19, 2013. The Trust was established for the purpose of managing and maintaining a fund for the protection and benefit of investors so as to generate funds and earnings for paying off the claims of the investors in accordance with the rules and regulations of LSE, as amended from time to time. Pursuant to the Scheme of Integration under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (referred to as the "Act") read with Regulation 11 and 12 of the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012 (referred to as the "Regulations") as amended September 5, 2015, LSE surrendered its stock exchange license, being the transferor stock exchange under the scheme of integration, and continued to exist as a public company limited by shares. Accordingly, from the effective date of integration of stock exchanges of Pakistan (i.e., January 11, 2016), the Trading Right Entitlement Certificate Holders (referred to as "TREC" holders) of erstwhile LSE were inducted by the successor stock exchange namely Pakistan Stock Exchange Limited (the "PSX"- formerly: Karachi Stock Exchange Limited). Necessary amendments to LSE IPF Trust Deed were made through amendments to IPF Trust Deed dated, February 11, 2016 to give effect to these requirements.

The Regulations provided for the establishment of Funds Committee for LSE IPF Trust as well as for TREC Holders' Contribution Fund Trust (the "TCF Trust") and Members Contribution Fund Trust (the "MCF Trust"). Thus, the Funds Committees were appointed and constituted by the Securities and Exchange Commission of Pakistan (the "SECP") according to Part V (Regulation 17-18) and Part VA (Regulation 19) of the Regulations as amended December 17, 2015. The Funds Committee of LSE IPF Trust was tasked to expedite settlement of any pending claims / liabilities / contingent liabilities so that once all liabilities are cleared, the LSE IPF Trust can be dissolved and balance amount, if any, remaining in the LSE IPF Trust after settlement of all claims / liabilities / contingent liabilities shall be transferred to Customer Protection Compensation Fund established and maintained in accordance with the rules and regulations for the Centralized Customer Protection Compensation Fund under section 169(2)(h) and 175(2)(c) of Securities Act, 2015. The LSE IPF Trust shall be maintained in accordance with these Regulations till such time that rules and regulations for the Customer Protection Compensation Fund under section 169(2)(h) and 175(2)(c) of the Securities Act, 2015 are made effective or as may otherwise be determined by the SECP.

The Trust is an approved Non Profit Organization under section 2(36) of Income Tax Ordinance, 2001 and as disclosed in related notes to these financial statements. is entitled to a tax credit equal to 100% of its tax liabilities.

2 Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise the Revised Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees which is the Trust's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest Rupee, unless otherwise stated.

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2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the Revised Accounting and Financial Reporting Standard for SSEs issued by ICAP requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Significant management estimates in these financial statements relate to the provision for taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

3.1 Provisions

A provision is recognized in the statement of financial position when the Trust has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and of which a reliable estimate can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.2 Taxation

3.2.1 Current

The charge for current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax rebates and credits available, if any. The Trust is an approved Non Profit Organization under section 2(36) of Income Tax Ordinance, 2001 and is entitled to full tax credits equal to tax liability as per section 100C of Income Tax Ordinance, 2001.

3.2.2 Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases. Deferred tax liabilities are recognized for all major taxable temporary differences.

The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable surplus will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

The trust has not recorded deferred tax for the reporting year in these financial statements since the management believes that temporary differences will not arise because Income of trust is subject to one hundred percent tax credit for all applicable taxes.

3.3 Other payables

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Trust.

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3.4 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.5 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances. Cash and cash equivalents are carried at cost in statement of financial position.

3.6 Financial instruments

The Trust accounts for its financial instruments as per Revised Accounting and Financial Reporting Standard for Small Sized Entities (SSEs). The management determines the classification of its financial instruments at the time of initial recognition. The Trust classifies its financial assets as basic financial instruments initially measured at fair value. Subsequently, these financial instruments are measured at amortized cost. Financial assets are derecognized when rights to cash flows from financial assets are settled or expired and financial liabilities are derecognized when these are extinguished.

3.6.1 Short term investments

These investments are financial assets with fixed or determinable payments and fixed maturity and are carried at amortized cost because the management has the intention and ability to hold such investments till maturity.

3.6.2 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Trust has currently legally enforceable right to set-off the recognized amounts and the Trust intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Trust or the counter parties.

3.7 Interest income

Interest income on short term investments and bank deposits is recognized on accrual basis when the right to receive the interest is established.

4	Short Term Investment	Note	2022	2021
			Rupees	Rupees
	Term Deposit Receipts	4.1	<u>313,000,000</u>	<u>300,000,000</u>

- 4.1** This is held with a bank carrying return at the average rate of 11.80% per annum (2021:6.40% per annum) and is due to mature on October 15, 2022 (2021:July 16,2021). Also the Bank has issued an irrevocable bank guarantee of Rs. 280 million (2021: 280 million) in favor of Pakistan Stock Exchange Limited as per Regulation 19, sub regulation 8(b) of the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012.

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5	Tax refunds due from Govt.	Note	2022 Rupees	2021 Rupees
	Income tax deducted at source		18,336,135	17,542,041
	less: Provision for taxation	5.1	(9,713,427)	(9,713,427)
	Closing balance		<u>8,622,708</u>	<u>7,828,614</u>

5.1 The Trust is an approved Non Profit Organization under section 2(36) of Income Tax Ordinance, 2001 and has availed full tax credits equal to tax liability as per section 100C of Income Tax Ordinance, 2001, hence the management has not recorded any provision for taxation in the financial statements.

6	Bank Balances	Note	2022 Rupees	2021 Rupees
	Current account		13,273	12,988
	Savings accounts	6.1	3,623,897	5,847,203
			<u>3,637,170</u>	<u>5,860,191</u>

6.1 Savings accounts interest rate yield is 5.50% to 12.25% per annum (2021: 5.50% to 6.50% per annum).

7	Other Payables	Note	2022 Rupees	2021 Rupees
	Funds and Operational Management Fee	7.1	689,769	683,054
	Audit fee payable		103,500	100,000
	Others	7.2	6,157,000	179,000
			<u>6,950,269</u>	<u>962,054</u>

7.1 LSE Financial Services Limited renders the services of managing the investment portfolio of funds and operations of the IPF Trust under the supervision of Funds Committee. For such services, it is entitled to a remuneration in terms of funds and operational management fee charged at the rate of 2% per annum (2021: 2% per annum) applicable on the size of the Fund. The fund and operational management fee is payable in arrears on monthly basis.

7.2 This include payable to claimants of Al Wasi Securities against Lahore High Court order dated June 06, 2022 maximum claim of Rs. 6 million allowed against any claim as per IPF regulations.

8 Contingencies and Commitments

8.1 As stated in Note 4.2, under Regulation 15, Sub Regulation 15 of Part IV-A of the amended Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012, the Trust has provided a bank guarantee amounting Rs. 280 million (2021: Rs. 280 million) to Pakistan Stock Exchange Ltd (the "PSX") to meet the shortfall of Base Minimum Capital (BMC) as calculated under regulatory requirements of PSX towards determining the maximum allowable exposure of respective Trading Right Entitlement Certificate (TREC) holders of erstwhile Lahore Stock Exchange Limited as inducted by PSX.

8.2 Pursuant to the integration of Lahore Stock Exchange into Pakistan Stock Exchange under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the court cases for or against the erstwhile LSE have now been impleaded and contested by the Funds Committee appointed by the Securities and Exchange Commission of Pakistan under the Act. The sub committees of Funds Committee include "Fund Arbitration Committee" and "Default Management Committee". These sub committees resolve any dispute between an ex-TRE certificate holder of the erstwhile Lahore Stock Exchange and his customer(s) related to any trade or transaction related to, or business activity with the ex-TRE certificate holder under the regulations of the said exchange prior to the effective date of integration. The information of such cases / disputes is given as under:

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8.2.1 Arbitration cases

In certain disputes between the investors and brokers, the arbitration decisions / proceedings made by the erstwhile LSE have been challenged by either party vis-à-vis the other party seeking Court's orders for (or against) implementing the LSE's arbitration decision or issuance of decree etc. The parties / cases are cited as under:

- 8.2.1.1 Dispute between Mr. Nadeem Zaman (investor) and Mr. Khawaja Samee Rasheed (broker)
- 8.2.1.2 Dispute between Mr. Agha Arshad Mahmood (investor) and Zafar S. Moti (broker)
- 8.2.1.3 Dispute between Mr. Manzoor Hussain (investor) and M/s Plus Securities (broker)
- 8.2.1.4 Dispute between Mr. Imtiaz Ahmed (investor) and M/s Darson Securities (broker)
- 8.2.1.5 Dispute between Mr. Azmat Ullah (investors) and M/s Switch Securities (broker)
- 8.2.1.6 Dispute Between Mr. Liaquat Ali Butt (investors) Vs. Darson Securities (Pvt.) Limited (broker)

8.2.2 Winding up cases

Certain brokerage companies have filed winding up petitions under the repealed Companies Ordinance, 1884 (now Companies Act, 2017) and in some cases, the Court Auctioneer and Liquidators have been appointed. Such companies have either filed or in the process of filing applications for release of their amounts in Investor Protection Fund and Members Contribution Fund. Companies under serial no's. 8.2.2.1 and 8.2.2.5 have claimed the fund, whereas, there is likelihood that companies at serial no's. 8.2.2.2, 8.2.2.3 and 8.2.2.4 shall also file application for contribution. The parties/ cases are cited as under:

- 8.2.2.1 M/s HSZ Securities (Private) Limited
- 8.2.2.2 M/s Stock Master Securities (Private) Limited
- 8.2.2.3 M/s Y.S Securities (Private) Limited
- 8.2.2.4 M/s Highlink Capital Securities (Private) Limited

Brokerage company has filed winding up petition under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) which has been rejected & now it is at appeal stage. The case is cited as under:

- 8.2.2.5 M/s Capital Vision Securities (Private) Limited

The maximum liability of the Trust is Rs. 6 million for each case in all the above cases, subject to the decision of the competent forum.

8.2.3 Recovery suits / suits for damages

Certain investors / parties have filed recovery suits / suits for damages against brokers sometimes also impleading the Trust as well as other authorities. The parties / cases as well as principal claimed amounts are cited as under:

- 8.2.3.1 Mr. Qasim Zia vs. Mr. Ali Usman and others for Rs. 69.56 Million.
- 8.2.3.2 Mr. Shabbir Malik vs. Mr. Tauqeer Malik for Rs. 56.247 Million.

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8.2.4 Complaints and Criminal Charges Applications

LSE has filed complaints, criminal charges against brokers and other related parties and has also filed appeals in respect of certain orders passed against LSE. Similarly, the aggrieved parties have filed appeals / petitions against the orders passed by the competent authorities. The parties / cases as well as relevant fora are cited as under:

- 8.2.4.1** LSE vs. M/s Y.S. Securities at the Accountability Court under the National Accountability Bureau Ordinance, 1999 (the NAB Ordinance).
- 8.2.4.2** Mr. Khaliq Dad and others vs. Mr. Sarmad Masood Al Husaini before Federal Investigation Agency.
- 8.2.4.3** Appeal filed by Mr. Tauqeer Malik titled as Mr. Tauqeer Malik vs. LSE and others pending at Securities and Exchange Commission of Pakistan (the SECP) under the Securities and Exchange Commission of Pakistan Act, 1997 (the SECP Act) and Securities and Exchange Ordinance, 1969.
- 8.2.4.4** Mr. Rehmat Ali vs. Mr. Tauqeer Malik against the orders of Additional District Judge at Divisional Bench, Lahore High Court.
- 8.2.4.5** M/s Ali Usman Securities (private) Limited at the Accountability Court under the National Accountability Bureau Ordinance, 1998 (the NAB Ordinance).

8.3 There were no commitments as at June 30, 2022 (2021: Nil).

9	Interest income	2022	2021
		Rupees	Rupees
	Income from savings accounts	859,686	1,125,326
	Income from Term Deposit Receipts	24,442,199	17,594,194
		<u>25,301,885</u>	<u>18,719,520</u>
10	Direct expenses	2022	2021
		Rupees	Rupees
	Funds and operational management fee	7,734,958	7,375,526
	Legal claim on behalf of member	6,000,000	-
		<u>13,734,958</u>	<u>7,375,526</u>
11	Administrative expenses	2022	2021
		Rupees	Rupees
	Legal and professional charges	991,226	83,400
	Meeting fee 11.1	1,044,750	1,014,000
	Auditors' remuneration	103,501	100,000
	Bank charges	9,431	9,124
		<u>2,148,908</u>	<u>1,206,524</u>
11.1	Meeting fee	2022	2021
		Rupees	Rupees
	- Trustees	663,750	375,000
	- Fund Committee	306,000	594,000
	- Default Management Committee	75,000	45,000
		<u>1,044,750</u>	<u>1,014,000</u>
12	Transactions with Related Parties		

The related parties comprise Trustees, members of Funds Committee of the Trust and LSE Financial Services Limited. Transactions with related parties are as follows:

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Related party	Nature of Transaction	2022 Rupees	2021 Rupees
Trustees and members of Fund Committee	Meeting fee	1,044,750	1,014,000
LSE Financial Services Limited	Funds and operational management fee	7,734,958	7,375,526
Outstanding balance			
LSE Financial Services Limited	Funds and operational management fee	689,769	683,054

13 Remuneration of Trustees and Members of Fund Committee

No remuneration has been paid to Trustees and members of the Fund Committee of the Trust during the year except for the meeting fee disclosed in Note 11.

14 Financial Instruments

Basic financial instruments by categories are as follows ;

	Note	Amortized Cost Rupees	Fair value through profit or loss Rupees	Total Rupees
Financial Assets as at June 30, 2022				
Accrued interest		7,690,367	-	7,690,367
Short term investment	4	313,000,000	-	313,000,000
Bank balances	6	3,637,170	-	3,637,170
		<u>324,327,537</u>	<u>-</u>	<u>324,327,537</u>

	Note	Amortized Cost Rupees	Fair value through profit or loss Rupees	Total Rupees
Financial Assets as at June 30, 2021				
Accrued interest		3,945,206	-	3,945,206
Short term investment	4	300,000,000	-	300,000,000
Bank balances	6	5,860,191	-	5,860,191
		<u>309,805,397</u>	<u>-</u>	<u>309,805,397</u>

Financial Liabilities

At amortized cost

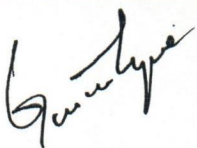
	Note	2022 Rupees	2021 Rupees
Other payables	7	6,950,269	962,054

15 Date of Authorization for Issue

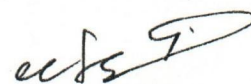
These financial statements were approved and authorized for issue on 20 OCT 2022 by the Board of Trustees.



TRUSTEE



TRUSTEE



HEAD OF FINANCE