

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE OF PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED

To the Chief Executive Officer of Punjab Capital Securities (Private) Limited (the Securities Broker)

Opinion

We have audited the Statement of Net Capital Balance of **Punjab Capital Securities (Private) Limited** (the Securities Broker) and notes to the Statement of Net Capital Balance as at 31 December 2020 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at 31 December 2020 is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the statement* section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist Punjab Capital Securities (Private) Limited (the Securities Broker) to meet the requirements of the SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the statement may not be suitable for another purpose. Our report is intended solely for Punjab Capital Securities (Private) Limited (the Securities Broker), SECP, PSX and NCCPL and should not be distributed to parties other than the Securities Broker or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the statement

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

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



Auditor's Responsibilities for the Audit of the statement

Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Farooq Hameed.



EY Ford Rhodes
Chartered Accountants
Lahore: 12 March 2021



PUNJAB CAPITAL SECURITIES (PVT.) LTD.

(The Guardian of your Investments)

**A Wholly Owned Subsidiary
of First Punjab Modaraba
A Group Company of the Bank of Punjab**

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2020**

(Excess of Current assets Over Current Liabilities determined in accordance with third schedule of Securities and Exchange Rules, 1971)

A DESCRIPTION OF CURRENT ASSETS	<u>Valuation basis</u>	<u>Note</u>	<u>Rupees</u>
1 Cash in hand & Cash at bank			
Cash in hand			15,000
Cash at bank	As per book value		
- Pertaining to house account			13,833,308
- Pertaining to client account			35,773,745
			49,607,052
2 Deposit against exposure			16,400,000
3 Trade receivable			
	Book value		
	Less : overdue for more than 14 days	2	9,356,447
			612,603
			8,743,844
4 Investment in listed securities in the name of broker	Securities / contract on the exposure list marked on the market less 15% discount		
5 Securities purchased for the customers			114,272
	Securities purchased for clients and held by the member where the payment has not been received within 14 days		
TOTAL (A)			74,880,168
B DESCRIPTION OF CURRENT LIABILITIES			
1 Trade payables			
	Book value		
	Less: more than 30 days payable	3	30,319,598
			13,285,116
			17,034,482
2 Other liabilities			
	As classified under the generally accepted accounting principles	4	18,984,390
TOTAL (B)			36,018,872
NET CAPITAL BALANCE (A - B)			38,861,296

The annexed notes from 1 to 4 form an integral part of this statement.

CHIEF EXECUTIVE



DIRECTOR



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PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2020

1. BASIS OF ACCOUNTING

This Statement of Net Capital Balance has been prepared in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

2. TRADE RECEIVABLE

	Rupees
Sundry receivables	9,356,447
Less: overdue for more than 14 days	<u>(612,603)</u>
	<u>8,743,844</u>

3. TRADE PAYABLES

Trade payables	30,319,598
Less: overdue more than 30 days payable	<u>(13,285,116)</u>
	<u>17,034,482</u>

4. OTHER LIABILITIES

Accrued expenses & Other Liabilities	4,061,805
Provident fund payable	1,637,469
More than 30 days Creditor	<u>13,285,116</u>
	<u>18,984,390</u>


CHIEF EXECUTIVE


DIRECTOR

