

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

STATEMENT OF NET CAPITAL BALANCE

FOR THE PERIOD ENDED DECEMBER 31, 2018

Independent Auditors Report on Statement of Net Capital Balance

The Chief Executive Officer

Aba Ali Habib Securities (Private) Limited
Karachi

Opinion

We have audited the Statement of Net Capital Balance of **Aba Ali Habib Securities (Private) Limited** and notes to the Statement of Net Capital Balance as at **December 31, 2018**.

In our opinion, the financial information in the statement of the Securities Broker as at December 31, 2018 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

The statement is prepared to assist the **Aba Ali Habib Securities (Private) Limited** 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 **Aba Ali Habib Securities (Private) Limited** SECP, PSX, and NCCPL and should not be distributed to parties other than **Aba Ali Habib Securities (Private) Limited** 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.

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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 risks 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.

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NAVEED ZAFAR ASHFAQ JAFFERY & Co.

Chartered Accountants

Engagement Partner- Ahsan Elahi Vohra



Dated: 13 MAR 2019


Karachi:

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

NET CAPITAL BALANCE AS AT DECEMBER 31, 2018

(Excess of Current Assets over Current Liabilities as determined in accordance with the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016)

DESCRIPTION	VALUATION BASIS	VALUE
		(Amount in Rupees)
<u>CURRENT ASSETS</u>		
Cash in hand	As per book value	44,846
Cash at bank:		
- Pertaining to brokerage house	As per book value	420,924
- Pertaining to clients	As per book value	53,752,128
- Deposit against exposure and losses with Pakistan Stock Exchange		10,000,000
Total bank balances	As per book value	64,173,052
Trade Receivable		
	Book Value	345,880,882
	Less: overdue for more than 14 days	(3,760,222)
		342,120,660
Investment in Listed Securities in the name of broker		
	Market value	349,202,931
	Less: 15% discount	(52,380,440)
		296,822,491
Securities purchased for client		
	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	2,218,165
		2,218,165
Listed Term Finance Certificates/Corporate Bonds (Not less than BBB grade)	Market value Less: 10% discount	-
Federal Investment Bonds	Market value Less: 5% discount	-
Treasury bills	Market value	-
		705,379,214
<u>CURRENT LIABILITIES</u>		
Trade Payable	Book value Less: Overdue for more than 30 days	54,120,281 (18,942,901)
Other liabilities	As classified under the generally accepted accounting principles.	35,177,380
		417,869,122
		453,046,502
NET CAPITAL AS AT DECEMBER 31, 2018		252,332,712


CHIEF EXECUTIVE




DIRECTOR



1 STATEMENT OF COMPLIANCE

The statement of net capital balance of the company ("the Statement") of **ABA ALI HABIB SECURITIES (Private) Limited** ("the Company") has been prepared in accordance with Rule 2(d) and the Third Schedule of the Securities and Exchange Rules, 1971 and in accordance with the clarifications/ guidelines issued by the Securities and Exchange Commission of Pakistan (SECP). All figures have been extracted from financial statements of the Company for the half year ended December 31, 2018.

2 BANK BALANCES AND CASH DEPOSITS

----- Rupees -----

These are stated at book value.

Cash in hand		44,846
Bank balance pertaining to:		
Brokerage house	420,924	
Client	53,752,128	
Total bank balance		54,173,051
Less: adjustment to restrict client account to overall creditors		
Deposit against exposure and losses with Karachi Stock Exchange Limited (Now Pakistan Exchange Limited)		10,000,000

- 2.1 The client's bank account balance amounting to **Rs. Nil** has been restricted to overall trade payable balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification/guidelines issued by SECP on 03 July 2013 as follows:

3 RECEIVABLES FROM NCCPL

These represent receivable from NCCPL as at December 31, 2018 against unsettled trades.

4 TRADE RECEIVABLES

These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

----- Rupees -----

Total receivable	345,880,882	
Outstanding for more than 14 days	(3,760,222)	
Balance generated within 14 days and/or not yet due		342,120,660

5 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These include investments in following listed equity securities which are pledged with different banks as security against short term running finance facilities. Further, listed securities which are on the default counter of the stock exchange are valued at market rates prevailing as on December 31, 2018 less 15% discount as prescribed in Rule 2(d) of the Third Schedule to the Securities and Exchange Rules, 1971, Securities on default counter and those not appearing on the exposure list of the stock exchange where such securities are listed have been excluded from the calculation.



Name of the company/ bank	No. of shares pledged
ASL AISHA STEEL MILLS LIMITED	19,500
ATRL ATTOCK REFINERY LIMITED	31,500
BAFL BANK ALFALAH LIMITED	41,000
BOP THE BANK OF PUNJAB	660,000
BYCO BYCO PETROLEUM PAKISTAN LIMITED	30,000
DGKC D.G. KHAN CEMENT COMPANY LIMITED	130,500
DOL DESCON OXYCHEM LIMITED	115,000
EFERT ENGRO FERTILIZERS LIMITED	109,500
EFOODS ENGRO FOODS LIMITED	35,000
ENGRO ENGRO CORPORATION LIMITED	15,500
EPCL ENGRO POLYMER & CHEMICALS LIMITED	43,000
FATIMA FATIMA FERTILIZER COMPANY LIMITED	48,500
FCCL FAUJI CEMENT COMPANY LIMITED	37,000
HTL HI-TECH LUBRICANTS LIMITED	213,000
ISL INTERNATIONAL STEELS LIMITED	156,500
KEL K-ELECTRIC LIMITED	40,000
LOTCHEM LOTTE CHEMICAL PAKISTAN LIMITED	373,000
LUCK LUCKY CEMENT LIMITED	13,500
MUGHAL MUGHAL IRON AND STEEL INDUSTRIES LIMITED	1,513,000
NBP NATIONAL BANK OF PAKISTAN	25,000
NCL NISHAT (CHUNIAN) LIMITED	112,000
NML NISHAT MILLS LIMITED	36,000
PAEL PAK ELEKTRON LIMITED	77,000
PIBTL PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED	39,000
PIOC PIONEER CEMENT LIMITED	5,000
POWER POWER CEMENT LIMITED	649,000
PPL PAKISTAN PETROLEUM LIMITED	27,500
PTC PAKISTAN TELECOMMUNICATION COMPANY LIMITED	1,000,000
SEARL THE SEARLE COMPANY LIMITED	10,000
SNGP SUI NORTHERN GAS PIPELINES LIMITED	260,000
STCL SHABBIR TILES & CERAMICS LIMITED	84,500
STPL SIDDIQSONS TIN PLATE LIMITED	220,000
SYS SYSTEMS LIMITED	150,000
TRG TRG PAKISTAN LIMITED - CLASS 'A'	367,500
UBL UNITED BANK LIMITED	8,500
UNITY UNITY FOODS LIMITED	56,000

6 SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

7 TRADE PAYABLES

This represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.

8 OTHER LIABILITIES

These represent current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.



The breakup is as follows:

	----- Rupees -----	
Trade payables overdue by 30 days	18,942,901	
Abid Ali Habib Securities	68,143,873	
Cash withheld-Liabilities	37,326,546	
Dealer Payable	424,614	
Director loan	156,968,268	
Future Trading Account	6,635,839	
Runing Finance	80,175,695	
Other payables	<u>49,251,388</u>	
		417,869,122

9 DATE OF ISSUANCE

This statement is being issued on 13-03-2019.


CHIEF EXECUTIVE




DIRECTOR

