

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

STATEMENT OF NET CAPITAL BALANCE

FOR THE YEAR ENDED JUNE 30, 2019

**ABA ALI HABIB SECURITIES
(PRIVATE) LIMITED**

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 **June 30, 2019**.

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2019 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

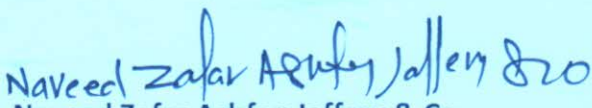
Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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 : 11 SEP 2019

Karachi:

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

NET CAPITAL BALANCE AS AT JUNE 30, 2019

(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
<u>CURRENT ASSETS</u>		
(Amount in Rupees)		
Cash in hand	As per book value	2,418
Cash at bank:		
- Pertaining to brokerage house	As per book value	327,679
- Pertaining to clients	As per book value	32,358,516
- Deposit against exposure and losses with Pakistan Stock Exchange		
Total bank balances	As per book value	32,688,613
Trade Receivable		
	Book Value	163,262,769
	Less: overdue for more than 14 days	(1,890,260)
		161,372,509
Investment in Listed Securities in the name of broker		
	Market value	589,546,742
	Less: 15% discount	(88,432,011)
		501,114,731
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	1,633,352
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	696,809,205
<u>CURRENT LIABILITIES</u>		
Trade Payable	Book value	42,541,944
	Less: Overdue for more than 30 days	(13,389,774)
		29,152,170
Other liabilities	As classified under the generally accepted accounting principles.	386,224,924
		415,377,094
NET CAPITAL AS AT JUNE 30, 2019		281,432,111


CHIEF EXECUTIVE


DIRECTOR



NOTES TO STATEMENT OF THE NET CAPITAL BALANCE
NET CAPITAL BALANCE AS AT JUNE 30, 2019

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 year ended June 30, 2019.

2 BANK BALANCES AND CASH DEPOSITS

----- Rupees -----

These are stated at book value.

Cash in hand	2,418
Bank balance pertaining to:	
Brokerage house	327,679
Client	32,358,516
Total bank balance	32,686,195
Less: adjustment to restrict client account to overall creditors	
Deposit against exposure and losses with Karachi Stock Exchange Limited (Now Pakistan Exchange Limited)	-
	<u><u>32,688,613</u></u>

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 June 30, 2019 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	5,528,439
Outstanding for more than 14 days	(1,890,260)
Balance generated within 14 days and/or not yet due	3,638,179
Investment In MFS	24,977,883
Investment In MTS	132,756,447
Total receivable	<u><u>161,372,509</u></u>

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 June 30, 2019 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
Attock Refinery Limited	66,000
The Bank of Punjab	313,000
Dg khan cement company Limited	835,000
Engro polymer and chemicals limited	544,000
Fauji fertilizer Limited	1,571,000
Gul Ahmed textile limited	31,000
Hascol Petroleum limited	7,000
Habib Bank Limited	272,000
Hi-Tech Lubricants Limited	25,000
Lotte Chemical Pakistan Limited	326,500
Lucky Cement Limited	194,000
Maple Leaf Cement Factory Limited	1,518,000
Mughal Iron and Steel Industries Limited	2,061,500
National Bank of Pakistan	69,000
Nishat (Chunian) Limited	100,000
Nishat Mills Limited	51,000
Pakistan International Bulk Terminal Limited	21,500
Pioneer Cement Limited	52,000
Pakistan State Oil Company Limited	300,000
Pakistan Stock Exchange Limited	1,425,000
Pakistan Telecommunication Company Limited	185,000
The Searle Company Limited	89,000
Sui Northern Gas Pipelines Limited	951,000
TRG Pakistan Limited	596,000

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	13,389,774
Bank Financing	223,377,349
Future cash withheld	69,872,337
Payable to related party	68,143,873
Other Liabilities	11,441,592
	<u>386,224,924</u>

9 DATE OF ISSUANCE

This statement is being issued on 11-09-2019.


CHIEF EXECUTIVE


DIRECTOR

