

**SHAJAR CAPITAL PAKISTAN
(PRIVATE) LIMITED**

STATEMENT OF NET CAPITAL BALANCE

AS AT DECEMBER 31, 2019

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS



INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Shajar Capital Pakistan (Private) Limited.

Opinion

We have audited the Statement of Net Capital Balance (the Statement) of Shajar Capital Pakistan (Private) Limited (Securities Broker) and notes to the Statement as at December 31, 2019.

In our opinion, the financial information in the Statement of the Securities Broker as at December 31, 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.

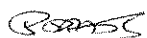
Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement is prepared to assist 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 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.





Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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 **Muhammad Shabbir Kasbati**


Chartered Accountants

Date: 16 MAR 2020
Place: Karachi

SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED

STATEMENT OF NET CAPITAL BALANCE

AS AT DECEMBER 31, 2019

In accordance with Regulation # 6 of Brokers (Licensing and Operations) Regulation, 2016

DESCRIPTION	VALUATION BASIS	Note	VALUE -----RUPEES-----
Current assets			
Cash in hand	As per book value		25,230
Cash at bank			
- pertaining to brokerage house	As per book value		1,496,756
- pertaining to clients	As per book value		23,393,999
Margin deposit with PSX	As per book value		20,318,041
Deposits against MTS exposure margin with NCCPL	As per book value		3,107,746
Total cash and bank balances		3	48,341,772
Trade debts	Book value		23,648,303
	Less: Over due for more than 14 days		9,641,114
			14,007,189
Securities held for client	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days	5	1,667,718
Investment in listed securities in the name of broker	Marked to market Less: 15% discount	6	1,880,500 282,075
			1,598,425
Total current assets			65,615,104
Less: current liabilities			
Trade payable	Book value		26,023,318
	Less: Overdue for more than 30 days		7,725,939
			18,297,379
Other liabilities	As classified under the generally accepted accounting principles	8	14,337,004
Trade payables more than 30 days			7,725,939
Total current liabilities			40,360,322
NET CAPITAL BALANCE AS AT DECEMBER 31, 2019			<u>25,254,782</u>

The annexed notes 1 to 9 form an integral of the statement.




CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED
NOTES TO STATEMENT OF NET CAPITAL BALANCE
FOR THE PERIOD ENDED DECEMBER 31, 2019

1. STATEMENT OF COMPLIANCE

The Statement of net capital balance ("the Statement") of Shajar Capital Pakistan (Private) Limited ("the Security Broker") has been prepared in accordance with the requirement of the Second Schedule of the Securities Broker (Licensing and Operations) Regulations, 2016 (the Regulations) read with (SECP Rules 1971) issued by the Securities and Exchange Commission of Pakistan (SECP). All figures have been obtained from financial statements of the Company for the period ended December 31, 2019.

2. BASIS OF ACCOUNTING

Calculations for net capital balance has been prepared under the historical cost convention, except for investments which are stated at fair value.

3. BANK BALANCE AND CASH DEPOSITS

	----- Rupees-----
These are stated at book value	
Cash in hand	25,230
Bank balance pertaining to:	
Brokerage house	1,496,756
Client	<u>23,393,999</u>
Total bank balance	24,890,755
Deposit against exposure and losses with Pakistan Stock Exchange (PSX)	20,318,041
Deposits against MTS exposure margin with National Clearing Company of Pakistan (NCCPL)	<u>3,107,746</u>
	<u><u>48,341,772</u></u>

4. TRADE RECEIVABLES

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

	----- Rupees-----
Total receivable	23,648,303
Less: outstanding for more than 14 days	<u>9,641,114</u>
Balance generated within 14 days and/or not yet due	<u><u>14,007,189</u></u>

5. SECURITIES PURCHASED FOR CLIENTS

This represent 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.

6. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

Name of the securities	No. of Shares	Dec 31, 2019
		---- Rupees ---- Fair value
Fauji Foods Limited	50,000	723,500
Maple Leaf Cement Factory Limited	50,000	1,157,000
	<u>100,000</u>	<u><u>1,880,500</u></u>



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 represents current liabilities, other than trade payables which are due within 30 days. These balances are stated at book value.

The breakup is as follows:

	----- Rupees-----
Short-term running finance	6,775,443
Accrued mark-up	499,553
Accrued expenses	<u>7,062,008</u>
	<u><u>14,337,004</u></u>

9. DATE OF ISSUANCE

This Statement is being issued on 16 MAR 2020.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER