

## INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE To the Chief Executive Officer of ABBASI AND COMPANY (PRIVATE) LTD.

### Opinion

We have audited the Statement of Net Capital Balance of **Abbasi and Company (Private) Limited** and notes to the Statement of Net Capital Balance as at December 31, 2019 (together 'the statement').

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 **Abbasi and Company (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 **Abbasi and Company (Private) Limited**, SECP, PSX and NCCPL and should not be distributed to parties other than **Abbasi and Company (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.

### **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 **FAISAL IQBAL KHAWAJA**

*Parker Randall AJS*

**PARKER RANDALL A.J.S.**  
**CHARTERED ACCOUNTANTS**  
March 02, 2020



ABBASI AND COMPANY (PRIVATE) LIMITED  
STATEMENT OF NET CAPITAL BALANCE  
AS AT DECEMBER 31, 2019

(Excess of Current Assets over Current Liabilities determined in accordance with the requirement of the Second Schedule of Securities Brokers(Licensing and Operations) Regulations, 2016 (the Regulation) read with Rule 2 (d) of Securities Exchange Commission (SEC) Rule 1971 issued by Securities & Exchange Commission of Pakistan (SECP))

DESCRIPTION	VALUATION BASIS	NOTE	SUBTOTAL	TOTAL
<b>CURRENT ASSETS</b>				
Cash in Hand and Bank Balances	As per book value	2	219,811,738	219,811,738
Investment in Listed Securities in the name of broker	At market value	3	49,093,389	
	Less: Securities not in Exposure		-	
	Less: Securities in Exposure List			
	marked to market less 15% discount		(7,364,008)	41,729,381
Trade Receivables	As per book value	4	3,109,177	
	Less: Overdue more than 14 days		(2,670,781)	438,396
		A		<u>261,979,515</u>
<b>CURRENT LIABILITIES</b>				
Trade Payables	As per book value	5	169,151,365	
	Less: Overdue more than 30 days		(18,890,832)	150,260,533
Other Liabilities	As per book value	6	20,994,987	20,994,987
		B		<u>171,255,520</u>
<b>TOTAL</b>		(A-B)		<u>90,723,995</u>
Less: Amount allocated for Pakistan Mercantile Exchange Ltd.				(5,000,000)
<b>Net Capital Balance</b>				<u><u>85,723,995</u></u>

ABBASI AND COMPANY (PVT.) LIMITED  
TREC HOLDER: PAKISTAN STOCK EXCHANGE LIMITED  
TREC HOLDER # 311

  
CHIEF EXECUTIVE OFFICER



  
DIRECTOR

March 02, 2020  
Lahore

*Parlur Randau AJS*



ABBASI AND COMPANY (PRIVATE) LIMITED  
 NOTES TO THE STATEMENT OF NET CAPITAL BALANCE  
 AS AT DECEMBER 31, 2019

1. STATEMENT OF COMPLIANCE

- 1.1 The statement of net capital balance of the company ("The Statement") of Abbasi and Company (Pvt.) Limited ("the Company") has been prepared in accordance with Rule 2(d) of Third Schedule to Securities and Exchange Rule, 1971 and in accordance with the clarification/guidelines issued by Securities and Exchange Commission of Pakistan (SECP)
- 1.2 The valuation of current assets and current liabilities for the purpose of net capital balance has been determined on the basis of the following:

DESCRIPTION	VALUATION BASIS
Cash in hand & bank	As per book value
Trade Receivables	Book value less overdue for more than fourteen days.
Investment in the name of broker	Securities on exposure list marked to market less 15% discount
Any Other Asset as specified by the Commission	As per valuation basis as determined by Commission.
Trade Payables	Book value less overdue for more than 30 days.
Other Liabilities	As classified under the generally accepted accounting principles, other than over due for more than 30 days of payables aging.

2. CASH IN HAND AND BANK BALANCES

	31-Dec-19 Rupees
Cash in Hand	162,380
Bank balances pertaining to brokerage house	50,497,993
Bank balances pertaining to clients	169,151,365
	<u>219,811,738</u>

3. INVESTMENT IN SHARES OF LISTED COMPANY IN THE NAME OF BROKER

	Qty	Rate	Amount Rupees
Friesland Campina Engro Pak Limited	164,000	79.30	13,005,200
Biafo Industries	14,400	174.52	2,513,088
International Steel Limited	10,000	57.89	578,900
Matco Foods Limited	114,500	25.69	2,941,505
Nishat Chunian Limited	200,000	42.65	8,530,000
Reliance Weaving Mills Limited	15,000	32.20	483,000
Saif Power Limited	86,000	20.96	1,802,560
Biafo Industries	14,400	174.52	2,513,088
Engro Fertilizers Ltd.	7,500	73.43	550,725
K-Electric Limited	500,000	4.37	2,185,000
Kot Addu Power Company Ltd.	50,500	31.53	1,592,265
Lotte Chemical Pakistan Limited	96,000	14.02	1,345,920
Oil & Gas Development	27,000	142.32	3,842,640
Pakistan Petroleum Ltd.	12,000	137.14	1,645,680
Pakistan State Oil Co. Ltd.	23,200	191.64	4,446,048
Treet Corporation Limited	53,000	21.09	1,117,770
	<u>1,387,500</u>		<u>49,093,389</u>



