

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of M/s. Dawood Equities Limited

Opinion

We have audited the Statement of Net Capital Balance of **M/s. Dawood Equities Limited** and notes to the Statement of Net Capital Balance as at December 31, 2018 (together 'the statement').

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.

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 Farhan Ahmed Memon.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: 11 MAR 2019

DAWOOD EQUITIES LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2018

	<i>Note</i>	<i>Rupees</i>
<u>CURRENT ASSETS</u>		
Cash in hand		15,090
Cash at bank		
- Pertaining to brokerage house		1,239,573
- Pertaining to clients		4,004,123
Total bank balances	1	5,243,696
Margin Deposit		
- with NCCPL	2	13,668,403
Trade Receivables		
Book value		213,816,937
Less: Outstanding for more than 14 days		(200,933,645)
	3	12,883,292
Investment in listed securities in the name of brokerage house		23,110,474
Less: 15% discount		(3,466,571)
	4	19,643,903
Securities purchased for client where payment has not been received in 14 days	5	23,715,300
Total Current Assets	A	75,169,684
<u>CURRENT LIABILITIES</u>		
Trade Payables		
Book value		13,802,254
Less: Overdue for more than 30 days		(9,240,106)
	6	4,562,149
Other liabilities	7	13,696,921
Total Current Liabilities	B	18,259,069
NET CAPITAL BALANCE	A minus B	56,910,614



Chief Executive

Director

DAWOOD EQUITIES LIMITED
NOTES TO NET CAPITAL BALANCE CERTIFICATE
AS AT DECEMBER 31, 2018

	<i>Note</i>	<i>Rupees</i>
1 CASH AT BANK		
- Pertaining to brokerage house		
Current Accounts		1,007,807
Saving Accounts		231,766
		<u>1,239,573</u>
- Pertaining to clients		
Saving Accounts		<u>4,004,123</u>
2 MARGIN DEPOSIT		
Exposure Deposit (Ready)		2,000,000
Exposure Deposit (Future)		8,792,190
Exposure Deposit (Provisional)		1,310
MTS Exposure		2,874,903
		<u>13,668,403</u>
3 TRADE RECEIVABLES		
Aging of trade receivables		<u>213,816,937</u>
This amount is based on 14 days Net capital aging of trade receivables		
4 INVESTMENT IN LISTED SECURITIES		
In related parties through profit & loss	4.1	128,696
At fair value through OCI	4.2	13,225,809
Others - ordinary shares	4.3	9,755,969
		<u>23,110,474</u>
Less: 15% discount		<u>(3,466,571)</u>
		<u>19,643,903</u>

	<i>Quantity</i>	<i>Rate</i>	<i>Amount</i>
4.1 Particulars			
Investment 786 Formally DCM	567,613	2.15	87,193
B.R.R. Guardian Modaraba	451	7.59	35,545
First Dawood Investment Bank Limited	30,000	4.58	69,300
			<u>192,038</u>
Loss on remeasurement of investments			<u>(63,342)</u>
			<u>128,696</u>

4.2 Particulars

Ansari Sugar Mills	1,238,371	10.68	13,225,809
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4.3 Particulars

Allied Rental Modarba	18,884	300,440	15.91
Cherat Cement Company Limited (CHCC)	3,500	281,925	80.55
Crescent Star Insurance	5,000	14,500	2.90
Dost Steels Limited (DSL)	31,000	202,120	6.52
Engro Polymer and Chemical Limited	5,000	145,200	29.04
Fauji Fertilizer Bin Qasim Limited	18,000	669,781	37.21
Fauji Fertilizer Company Limited	9,500	927,580	97.64
ICI Pakistan Limited	100	75,858	758.58
K-Electric Limited	254,500	1,417,345	5.57
Kohinoor Textile Mills Limited (KTML)	2,800	145,040	51.80
Kot Addu Power Company Limited	1,500	84,871	56.58
Maple leaf cement factory ltd	5,000	259,628	51.93
Loads Limited	2,500	70,637	28.25
Netsol Technology Limited	1,000	114,514	114.51
Pak Electorn Limited (Pael)	7,000	216,111	30.87
Pakistan International Bulk Limited	21,537	233,892	10.86
Siddiqsons Tin Limited	10,000	216,910	21.69
Power Cement Limited	35,000	274,201	7.83
Service Industrieis Limited	400	294,400	736.00
Sui Northern Gas Pipelines Ltd (Sngpl)	8,000	712,960	89.12
Sui Southern Company Limited	50,500	1,273,813	25.22
United Bank Limited	5,000	707,679	141.54
The Hub Power Company Limited	10,000	874,700	87.47
Treet Corporation Limited	16,500	460,680	27.92
TRG Pakistan Limited - "Class- A"	1,000	27,602	27.60
Tristar Polyster Limited	25,000	436,161	17.45
		10,438,548	
investments		(682,579)	
		9,755,969	

5 SECURITIES HELD ON BEHALF OF CLIENT WHERE PAYMENT HAS NOT BEEN RECEIVED IN 14 DAYS

The amount represents lower of securities held and receivable above 14 days from clients.

6 INVESTMENT IN LISTED SECURITIES

This amount is based on 30 days Net capital aging of trade payables

Rupees

7 OTHER LIABILITIES

Trade payable over due for more than 30 days	9,240,106
Payable to NCCPL	938,676
Accrued expenses	3,066,652
Withholding tax payable	451,487
	<u>13,696,921</u>



Chief Executive

Director