

## 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 June 30, 2019 (together 'the statement').

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.

### **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, FCA*  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

Place: Karachi  
Dated: **13 SEP 2019**

**DAWOOD EQUITIES LIMITED**  
**CALCULATION OF NET CAPITAL BALANCE**  
**AS AT JUNE 30, 2019**

	<i>Note</i>	<i>Rupees</i>
<b><u>CURRENT ASSETS</u></b>		
Cash in hand		15,000
Cash at bank		
- Pertaining to brokerage house		1,929,700
- Pertaining to clients		1,924,143
<b>Total bank balances</b>	<b>1</b>	<b>3,853,842</b>
Margin Deposit		
- with NCCPL	2	15,330,616
Trade Receivables		
Book value		220,463,122
Less: Outstanding for more than 14 days		(212,001,155)
	3	8,461,967
Investment in listed securities in the name of brokerage house		14,313,412
Less: 15% discount		(2,147,012)
	4	12,166,400
Securities purchased for client where payment has not been received in 14 days	5	16,798,367
<b>Total Current Assets</b>	<b>A</b>	<b>56,626,193</b>
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables		
Book value		8,455,159
Less: Overdue for more than 30 days		(6,195,262)
	6	2,259,897
Other liabilities	7	10,490,386
<b>Total Current Liabilities</b>	<b>B</b>	<b>12,750,283</b>
<b>NET CAPITAL BALANCE</b>	<b>A minus B</b>	<b>43,875,910</b>



  
 Chief Executive

**DAWOOD EQUITIES LIMITED**  
**NOTES TO NET CAPITAL BALANCE CERTIFICATE**  
**AS AT JUNE 30, 2019**

	<i>Note</i>	<i>Rupees</i>
<b>1 CASH AT BANK</b>		
- <i>Pertaining to brokerage house</i>		
Current Accounts		1,701,524
Saving Accounts		228,176
		<u>1,929,700</u>
- <i>Pertaining to clients</i>		
Saving Accounts		<u>1,924,143</u>
<b>2 MARGIN DEPOSIT</b>		
Exposure Deposit (Ready)		8,900,000
Exposure Deposit (Future)		5,844,919
Exposure Deposit (Provisional)		1,310
MTS Exposure		584,387
		<u>15,330,616</u>
<b>3 TRADE RECEIVABLES</b>		
Aging of trade receivables		<u>220,463,122</u>
This amount is based on 14 days Net capital aging of trade receivables		
<b>4 INVESTMENT IN LISTED SECURITIES</b>		
In related parties through profit & loss	4.1	100,197
Others - ordinary shares	4.2	14,213,215
		<u>14,313,412</u>
Less: 15% discount		<u>(2,147,012)</u>
		<u>12,166,400</u>
	<i>Quantity</i>	<i>Rate</i>
<b>4.1 Particulars</b>		<i>Amount</i>
Investment 786 Formally DCM	1,301	26.03
B.R.R. Guardian Modaraba	2,000	7.47
First Dawood Investment Bank Limited	32,000	1.99
		<u>112,470</u>
Loss on re-measurement of investments		<u>(12,273)</u>
		<u>100,197</u>





#### 4.2 Particulars

	Quantity	Rate	Amount
Allied Rental Modaraba	16,884	13.00	219,492
Cherat Cement Company Limited	4,500	50.78	228,521
Crescent Star Insurance Limited	5,000	1.88	9,400
Dost Steels Limited	31,000	5.12	158,720
Fauji Fertilizer Bin Qasim Limited	18,000	34.24	616,320
Fauji Fertilizer Company Limited	7,000	104.58	732,041
Hascol Petroleum Limited	3,000	78.50	235,495
The Hub Power Company Limited	14,071	68.05	957,540
Ici Pakistan Limited	100	664.24	66,424
Interloop Limited	15	44.52	668
International Industries Limited	1,000	124.10	124,100
Kot Addu Power Company Limited	1,500	45.27	67,905
K-Electric Limited	304,500	5.59	1,701,486
Kohinoor Textile Mills Limited	2,800	44.87	125,636
Loads Limited	2,500	19.31	48,275
Lotte Chemical Pakistan Limited	10,000	14.22	142,200
National Bank Of Pakistan	5,000	40.06	200,300
Pakistan Cables Limited	100	142.75	14,275
Pakistan International Bulk Terminal Limited	110,037	10.03	1,103,381
First Prudential Modaraba	63,500	1.20	76,200
Power Cement Limited	1,500	7.91	11,865
Sui Northern Gas Pipelines Limited	9,500	75.43	716,553
Service Industries Limited	500	532.00	266,000
Sui Southern Gas Company Limited	43,000	21.85	939,550
Systems Limited	2,000	96.19	192,387
Treet Corporation Limited	16,500	20.51	338,415
Trg Pakistan Limited - Class 'A'	1,000	20.72	20,721
Tri-Star Polyester Limited	25,000	11.10	277,555
United Bank Limited	5,000	139.53	697,650
Unity Foods Limited	27,000	11.70	315,992
Ansari Sugar Mills Limited	999,871	7.50	7,499,033
			18,104,100
Loss on remeasurement of investments			(3,890,885)
			<u>14,213,215</u>

#### 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

#### 7 OTHER LIABILITIES

Trade payable over due for more than 30 days	6,195,262
Accrued expenses	3,885,820
Withholding tax payable	409,304
	<u>10,490,386</u>



*[Signature]*

Chief Executive