

# **AKD SECURITIES LIMITED**

## **STATEMENT OF NET CAPITAL BALANCE**

**AS ON**  
**30 JUNE 2020**

## **INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF NET CAPITAL BALANCE**

### **TO THE CHIEF EXECUTIVE OFFICER OF AKD SECURITIES LIMITED**

#### **Opinion**

We have audited the Statement of Net Capital Balance of AKD Securities Limited (the Securities Broker) together with the notes to the Statement of Net Capital Balance as at 30 June 2020 ("the Statement").

In our opinion, the financial information in the Statement of the Securities Broker as at 30 June 2020 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 Auditors' 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 2 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.

# Riaz Ahmad & Company

Chartered Accountants

Those charged with governance is responsible for overseeing the Securities Broker's financial reporting process.

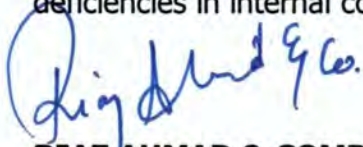
## **Auditor's Responsibilities for the Audit of the Statement**

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 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.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**Engagement Partner: Junaid Ashraf**

**Dated: 28 October 2020**

**KARACHI**

**AKD SECURITIES LIMITED**  
**STATEMENT OF NET CAPITAL BALANCE**  
**AS AT 30 JUNE 2020**

<b>A- DESCRIPTION OF CURRENT ASSETS</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Cash and bank balances</b>			
Cash in hand		349,980	
Cash at bank:			
-clients accounts	34,619,320		
-proprietary accounts	7,050,492	41,669,812	
Cash equivalents (Note 3)		1,412,727,963	1,454,747,755
<b>Trade receivable</b>			
Book value		233,451,126	
Less : Overdue for more than fourteen days		(209,681,860)	23,769,266
<b>Investment in listed securities</b>			
Securities on the exposure list mark to market		694,869,710	
Less: 15% discount		(104,230,457)	590,639,253
<b>Securities purchased for clients</b>			13,273,620
<b>TOTAL CURRENT ASSETS</b>		<b>A</b>	2,082,429,894
<b>B- DESCRIPTION OF CURRENT LIABILITIES</b>			
<b>Trade payables</b>			
Book value		1,434,261,782	
Less: Overdue for more than thirty days		(1,061,574,632)	372,687,150
Other liabilities (Note 4)			1,175,331,747
<b>TOTAL CURRENT LIABILITIES</b>		<b>B</b>	1,548,018,897
<b>NET CAPITAL BALANCE</b>		<b>A-B</b>	<b>534,410,997</b>

The annexed notes from 1 to 6 form an integral part of this statement.



**Chief Financial Officer**




**Chief Executive Officer**

**AKD SECURITIES LIMITED**  
**NOTES TO THE STATEMENT OF NET CAPITAL BALANCE**  
**AS AT 30 JUNE 2020**

**1. THE COMPANY AND ITS OPERATIONS**

AKD Securities Limited ("the Company") was incorporated as a public limited company under the Companies Ordinance, 1984 (Now the Companies Act, 2017) on 16 May 2007. The Company is licensed to operate as securities broker, consultant to the issue and underwriter from the Securities and Exchange Commission of Pakistan and holds a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and Membership Card of Pakistan Mercantile Exchange Limited. The principal activities of the Company are brokerage of shares and/or commodities, financial research, book building, underwriting, investments in securities/commodities, corporate advisory and consultancy services. The registered office of the Company is located at 602, Continental Trade center, Block-8, Clifton Karachi.

**2. STATEMENT OF COMPLIANCE**

This statement of net capital balance (here in after referred as "the statement") has been prepared and presented 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) and further in light of the clarifications / guidelines in respect of third schedule of SEC Rules, 1971 issued by SECP vide their File No. SMD-/SSED-C&IW-(633)/2016 dated 08 September 2016.

**3. CASH EQUIVALENTS**

Cash equivalents represents the balances deposited with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited (NCCPL) as margins in respect of the followings:

	Rupees
Ready market exposure	1,097,900,000
Future market exposure and loss	272,393,581
Margin Trading System (MTS) exposure and margin with NCCPL	41,934,382
Stock Index Futures Contracts (SIFC) exposure	500,000
	1,412,727,963
Cash equivalents comprises of:	
Client balances	1,399,642,462
Proprietary funds	13,085,501
	1,412,727,963

**4. OTHER LIABILITIES**

Current portion of liabilities against assets subject to finance lease	17,826,216
Accrued expenses and other payables	95,930,899
Trade payables overdue for more than 30 days	1,061,574,632
	1,175,331,747

**5. AUTHORIZATION OF THE STATEMENT**

This statement has been duly signed by chief executive officer and chief financial officer of the Company on 28 OCT 2020.

**6. GENERAL**

Figures have been rounded off to the nearest of Rupee.

Chief Financial Officer

Chief Executive Officer