

DARSON SECURITIES (PRIVATE) LIMITED

NET CAPITAL BALANCE

PERIOD ENDED DECEMBER 31, 2019

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Darson Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of **Darson Securities (Private) Limited** ('the Securities Broker') 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 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.

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 **M. Ilyas**.

Muniff Ziauddin & Co.
CHARTERED ACCOUNTANTS

March 09, 2020

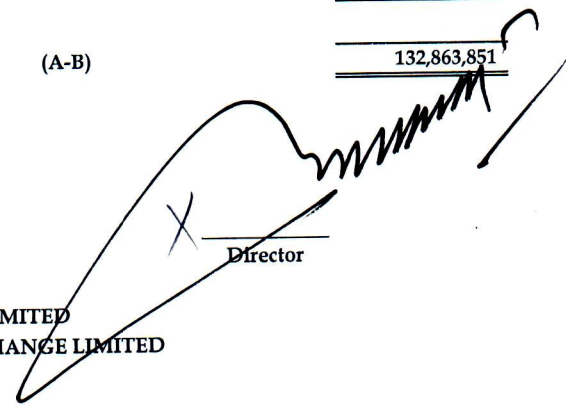
DARSON SECURITIES (PVT.) LIMITED
STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

(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
<u>CURRENT ASSETS</u>				
Cash in Hand and Bank Balances	As per book value	2	32,362,364	32,362,364
Cash Deposit as Margin with: NCCPL and PSX	As per book value	3	112,225,115	112,225,115
Investment in Listed Securities in the name of broker	At market value		55,918,642	
	Less: Securities not in Exposure		-	
	Less: Securities in Exposure List marked to market less 15% discount		(8,387,796)	47,530,846
Trade Receivables	As per book value	4	43,552,353	
	Less: Overdue more than 14 days		(8,183,126)	35,369,227
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.			3,278,614
Total Current Assets		A		230,766,166
<u>CURRENT LIABILITIES</u>				
Trade Payables	As per book value	5	84,555,263	
	Less: Overdue more than 30 days		(14,815,068)	69,740,195
Other Liabilities	As per book value	6	28,162,120	28,162,120
Total Current Liabilities		B		97,902,315
Net Capital Balance as at 31 December, 2019		(A-B)		132,863,851


 Chief Executive Officer




 Director

DARSON SECURITIES (PVT.) LIMITED
TREC HOLDER: PAKISTAN STOCK EXCHANGE LIMITED
TREC HOLDER # 090

Lahore
 March 09, 2020



DARSON SECURITIES (PVT.) 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 Darson Securities (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
Cash deposited as margin with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited (NCCPL)	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.

2. CASH IN HAND AND BANK BALANCES

31-Dec-19
Rupees

Cash in Hand	469,712
Bank balances pertaining to brokerage house	1,295,047
Bank balances pertaining to clients	30,597,605
	<u>32,362,364</u>

3. CASH DEPOSIT AS MARGIN

Deposit against exposure with PSX	110,510,339
Deposit against MTS exposure Margin with NCCPL	1,714,776
	<u>112,225,115</u>

- 3.1 Deposit held with PSX and NCCPL as basic deposit have not been included as per the clarification issued by Securities & Exchange Commission of Pakistan (SECP).

4. TRADE RECEIVABLES

These are valued at cost less debts outstanding for more than 14 days:

Total Trade Receivables	43,552,353
Less: Overdue for more than 14 days	(8,183,126)
	<u>35,369,227</u>

5. TRADE PAYABLES

These represents balance due to customers in respect of trading of shares less trade payable balances overdue for more than 30 days which have been included in other liabilities.



	31-Dec-19
	<i>Rupees</i>
Trade Payables	84,555,263
Less: Overdue for more than 30 days	<u>(14,815,068)</u>
	<u>69,740,195</u>

6. OTHER LIABILITIES

Overdue for more than 30 days	14,815,068
FED Payable	1,215,826
Accrued Expenses	11,385,203
Provision for Taxation	<u>746,023</u>
	<u>28,162,120</u>

7. GENERAL

7.1 Restriction on distribution of statement

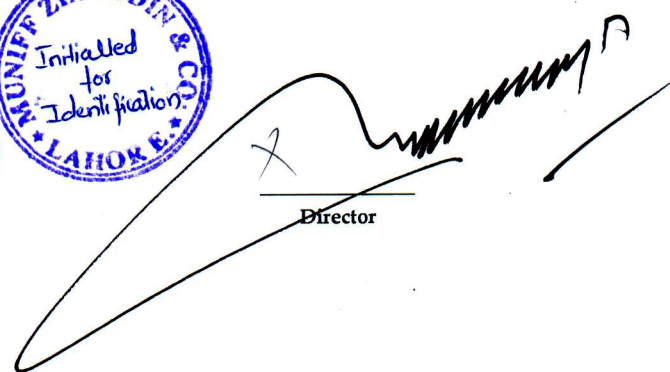
This statement is prepared to meet the requirements of Securities & Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan (NCCPL). Therefore, this statement may not be suitable for any other purpose and should not be distributed to parties other than Darson Securities (Pvt.) Limited (the Securities Broker), SECP, PSX or NCCPL.

7.2 Date of issuance

This statement is being issued on 09 March, 2020.


 Chief Executive Officer




 Director