

INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF NET CAPITAL BALANCE

TO THE CHIEF EXECUTIVE OFFICER OF HABIB ULLAH SHEIKH (PRIVATE) LIMITED

Opinion

We have audited the Statement of Net Capital Balance of **HABIB ULLAH SHEIKH (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 no.1 to the statement, which describes the basis of accounting. The statement is prepared to assist the **HABIB ULLAH SHEIKH (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 **HABIB ULLAH SHEIKH (PRIVATE) LIMITED**, SECP, PSX and NCCPL and should not be distributed to parties other than **HABIB ULLAH SHEIKH (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

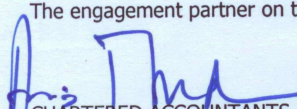
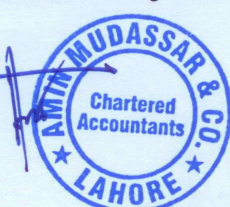
Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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 Mr. Muhammad Amin.


CHARTERED ACCOUNTANTS
Lahore: 12 MAR 2020


HABIB ULLAH SHEIKH (PVT) LIMITED
COMPUTATION OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

1. BASIS OF PREPARATION

The net capital balance has been prepared on the basis of Securities Exchange Commission (SEC) Rules, 1971, the Securities Brokers (Licensing and Operations) Regulation, 2016 (The Regulations) and guidelines issued by Securities and Exchange Commission of Pakistan.

2. COMPUTATION OF NET CAPITAL BALANCE

CURRENT ASSETS

Margin Deposit with Clearing Houses

National Clearing Company of Pakistan Limited

Rupees

Rupees

1,200,000

1,200,000

Cash in hand and bank balances

Bank balances

Pertaining to Brokerage House

Pertaining to clients

17,032,918

3,001,521

20,034,439

2,941

20,037,380

Cash in hand

Trade Receivable

Receivable from National Clearing Company of Pakistan Limited

Receivables from clients

Less: Outstanding for more than 14 days

200,401

200,359

42

42

Investment in Listed Securities

Securities appearing and owned by Brokerage House

Less: 15% discount

1,485,400

222,810

1,262,590

Securities purchased for clients

Receivable from clients after expiry of 14 days

158,078

158,078

22,658,090

LESS: CURRENT LIABILITIES

Trade and other payables

Overdue payables

Less: Overdue more than 30 days

3,000,571

3,000,138

433

Other Liabilities

Trade payables overdue more than 30 days

Accrued expenses

Other liabilities

3,000,138

78,880

122,065

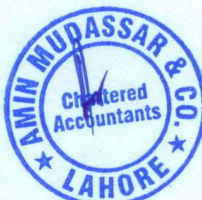
3,201,083

3,201,516

19,456,574

NET CAPITAL BALANCE

CHIEF EXECUTIVE



DIRECTOR

Abdul Habib