



SHAJARPAK
SECURITIES

**STATEMENT OF LIQUID
CAPITAL BALANCE AS
AT 30 JUNE 2020**



INDEPENDENT AUDITORS REPORT ON STATEMENT OF LIQUID CAPITAL

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

Opinion

We have audited the Statement of Liquid Capital of **Shajarpak Securities (Private) Limited** (the Securities Broker) 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 Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) 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 Foot Note to the statement, which describes the basis of accounting. The statement is prepared to assist the Shajarpak Securities (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 Shajarpak Securities (Private) Limited, SECP, PSX and NCCPL and should not be distributed to parties other than the Shajarpak Securities (Private) Limited, 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 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 are 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. Rashid Rahman Mir.


Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS,
Lahore. 23 SEP 2020



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SHAJARPAK SECURITIES (PVT) LIMITED
TREC Holder, Pakistan Stock Exchange Limited

Shajarpak Securities (Private) Limited
Statement of Liquid Capital
As on 30 June 2020

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	5,287,698	5,287,698	-
1.2	Intangible Assets	4,453,117	4,453,117	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Note 1)	9,745,260	1,469,398	8,275,862
1.5	ii. If unlisted, 100% of carrying value. (Note 2)	7,663,293	7,663,293	-
	iii. In case any securities are pledged, except those pledged in favor of securities exchange or clearing house against margin requirements or pledged in favor of banks against short-term financing arrangements, 100% haircut shall be applied for the purposes of computation of adjusted value of assets.	-	-	-
1.6	Investment in subsidiaries	-	-	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	800,000	800,000	-
1.9	Margin deposits with exchange and clearing house.	200,000	-	200,000

Room No. 101, 1st Floor, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore Tel: +92 42 3636 9991-8





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1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	110500	110500	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. <i>Securities purchased under repo arrangement shall not be included in the investments.</i>	-	-	-
1.15	Advances and Receivables other than trade receivables			
	(i) Short Term Loans to Employees.: Loans are Secured and Due for repayment within 12 Months.	-	-	-
	(ii) Advance tax to the extent it is netted with provision of taxation			
	(iii) In all other cases	2,127,679	2,127,679	-
1.16	Receivables from clearing house or securities exchange(s)			
	(i) 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	(ii) Receivables on entitlements against trading of securities in all markets including MtM gains.	1,727,942	-	1,727,942





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	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	3,100,965	-	3,100,965
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	2,187,638	1,419,694	767,944
	vi. 100% haircut in the case of amount receivable from related parties.	652	652	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	4,691,061	-	4,691,061
	ii. Bank balance-customer accounts	60,900,104	-	60,900,104
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/offer for sale (asset)			
	Amount paid as subscription money if shares have net been allotted or are not included in the investments of securities broker.	-	-	-
1.20	Total Assets	102,995,909	23,332,031	79,663,878





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2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	62,628,046	-	62,628,046
2.2	Current Liabilities			
	i. Statutory and regulatory dues	86,951	-	86,951
	ii. Accruals and other payables	304,550	-	304,550
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Advance against shares for increase in capital of securities broker			
	If: (a) The existing authorized share capital allows the proposed enhanced share capital (b) Board of Directors of the company has approved the increase in capital (c) Relevant Regulatory approvals have been obtained (d) There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed (e) Auditor is satisfied that such advance is against the increase of capital.	-	-	-
2.6	Total Liabilities	63,019,547	-	63,019,547





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3. Ranking Liabilities Relating to :				
3.1	Concentration in Margin Financing			
	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments			
	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitments	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-

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