

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Fair Edge Securities (Private) Limited (the Securities Broker)

Opinion

We have audited the Statement of Net Capital Balance of Fair Edge 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 *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 Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the Fair Edge Securities (Private) Limited (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 Fair Edge Securities (Private) Limited (the Securities Broker), SECP, PSX and NCCPL and should not be distributed to parties other than Fair Edge Securities (Private) Limited (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.



Auditors 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 auditors 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

ISLAMABAD

DATED: 07 FEB 2020


CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Qadeer



FAIR EDGE SECURITIES (PRIVATE) LIMITED
CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF NET CAPITAL BALANCE FOR THE PURPOSE OF SCHEDULE II TO
THE SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016
AND THIRD SCHEDULE UNDER RULE 2(d) OF THE SECURITIES AND EXCHANGE
RULES, 1971

AS AT DECEMBER 31, 2019

	Note	Amount Rupees
CURRENT ASSETS		
Cash in hand		896
Cash at bank		
Bank balance pertaining to brokerage house		1,099,366
Bank balance pertaining to client		4,025,906
		5,126,167
Margin deposits	2	4,200,663
Trade receivables	3	
Book value		834,640
Less: Overdue for more than 14 days		(807,092)
		27,548
Other receivables	4	3,960,298
Investment in listed securities in the name of broker	5	
Securities on the exposure list marked to market		1,508,395
Less: 15% discount		(226,259)
		1,282,136
		14,596,812
LESS: CURRENT LIABILITIES		
Trade payables	6	
Book value		6,508,733
Less: Overdue for more than 30 days		(1,402,332)
		5,106,402
Other liabilities	7	1,671,337
Net capital		7,819,074

The annexed notes from 1 to 9 form an integral part of this statement.


CHIEF EXECUTIVE




DIRECTOR

FAIR EDGE SECURITIES (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

1 STATEMENT OF COMPLIANCE

The statement of net capital balance ('the Statement') of Fair Edge Securities (Private) Limited ('the Company') has been prepared following accrual basis of accounting in accordance with the Rule 2(d) and Third Schedule to the Securities and Exchange Rules, 1971, the Securities Brokers (Licensing and Operations) Regulations 2016 (Regulations) and in accordance with the clarifications / guidelines issued by Securities and Exchange Commission of Pakistan

2 MARGIN DEPOSITS

This represents cash deposited as security margins with National Clearing Company of Pakistan Limited against exposure for regular market trades.

2019
(Rupees)

3 TRADE RECEIVABLES

Book value	834,640
Overdue for more than 14 days	<u>(807,092)</u>
Balance generated within 14 days	<u><u>27,548</u></u>

3.1 These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

4 OTHER RECEIVABLES

Trade receivable from NCCPL	4.1	<u>3,960,298</u>
		<u><u>3,960,298</u></u>

4.1 This represents amount receivable from the National Clearing Company Pakistan Limited against the sale and purchase of shares on December 30 and 31, 2019 and this amount has been settle subsequently on January 02, 2020 (2019: Jan 02).

5 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

This represents investment in listed securities which are not on the default counter of the stock exchange. These are valued at market rates prevailing as on December 31, 2019 less discount as prescribed in Regulation 6(4) and Schedule-II to the Securities Brokers (Licensing and Operations) Regulations, 2016. Securities on default counter and those not appearing on the exposure list of (the stock exchange where such securities are listed) have been excluded from the calculation. Further, we understand from management that no security is pledged with Pakistan Stock Exchange Limited or any bank.

6 TRADE PAYABLES

This represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.



7 OTHER LIABILITIES

These represent current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value. The break up is as follows:

	2019 (Rupees)
Accrued expenses	269,005
Trade payables overdue for more than 30 days	1,402,332
	<u>1,671,337</u>

8 DATE OF ISSUANCE

This statement is being issued on 07 FEB 2020

9 GENERAL

Amounts have been rounded off to the nearest rupee.

CHIEF EXECUTIVE



DIRECTOR

