

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE**To the Chief Executive Officer of Time Securities (Private) Limited****Opinion**

We have audited the Statement of Net Capital Balance of Time Securities (Private) Limited and notes to the Statement of Net Capital Balance as at June 30, 2021 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2021 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 28.1 to the statement, which describes the basis of accounting. The statement is prepared to assist the Time 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 Time Securities (Private) Limited, SECP, PSX and NCCPL and should not be distributed to parties other than Time Securities (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

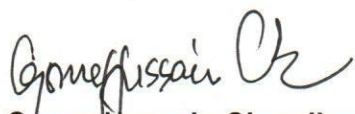
Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted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



Crowe Hussain Chaudhury & Co.

Karachi

Date:

05 OCT 2021



28 Net Capital Capital

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

DESCRIPTION	VALUATION BASIS	VALUE Rupees
Current Assets		
Cash in hand	As per book value	66,175
Cash at bank	As per book value	
- In the name of broker		981,149
- In the name of client		16,542,572
		17,523,721
Trade Receivables	Book Value	72,226,664
	Over due for more than 14 days	(9,100,838)
		63,125,826
Securities purchased for clients	Securities purchased for the clients and held by the member where the payment has not been received within 14 days	2,405,929
Deposits against exposure and losses with Karachi Stock Exchange	As per Book Value	189,880,279
Investment in listed Securities in the name of broker	Market-value	131,677,332
	Less: 15% discount	(19,751,602)
		111,925,730
		384,927,660
Current Liabilities		
Trade payables	Book value	36,297,950
	Overdue for more than 30 days	(12,151,245)
		24,146,705
Other liabilities	As classified under the generally acceptable accounting principles	68,595,614
Trade payables	Overdue by 30 days	12,151,245
		104,893,565
Short term running finance		38,145,937
Net Capital Balance as at June 30, 2021		241,888,158


CHIEF EXECUTIVE


DIRECTOR

28.1 NOTES TO THE NET CAPITAL BALANCE

(i) STATEMENT OF COMPLIANCE

The statement of Net Capital Balance ("the Statement") of **Time Securities (Private) Limited** ("the Company") has been prepared in accordance with Rule 2(d) and the Third Schedule of the Securities and Exchange Rules, 1971 and in accordance with the clarifications/ guidelines issued by the Securities and Exchange Commission of Pakistan (SECP).

(ii) BANK BALANCES AND CASH DEPOSITS

Note ----- Rupees -----

These are stated at book value.

Cash in hand		66,175
Bank balance pertaining to:		
Brokerage house	981,149	
Client	<u>16,542,572</u>	
Total bank balance		17,523,721
Less: adjustment to restrict client account to overall creditors		-
		<u><u>17,589,896</u></u>

- (iii) The client's bank account balance amounting to **Rs. Nil** has been restricted to overall trade payable balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification/guidelines issued by SECP on 03 July 2013.

(iv) TRADE RECEIVABLES

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

	----- Rupees -----
Trade receivables	70,436,532
Receivable against margin financing	<u>1,790,132</u>
Total receivables	<u><u>72,226,664</u></u>

(v) INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

Listed securities which are on the stock exchange are valued at market rates prevailing as on June 30, 2021 less 15% discount as prescribed in Rule 2(d) of the Third Schedule to the Securities and Exchange Rules, 1971, 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.



Script	No. of shares	Market Value	Discount 15%	Carrying Value
Attock Refinery Limited	350	89,758	(13,464)	76,294
Azgard Nine Limited	5,000	169,450	(25,418)	144,032
B.R.R. Guardian Modaraba	24,400	322,812	(48,422)	274,390
Bank Of Punjab Limited	711	5,972	(896)	5,076
Byco Petroleum Pak Limited	74,000	859,140	(128,871)	730,269
Century Paper And Board Mills	1,000	122,070	(18,311)	103,759
Cherat Packaging Limited	4,510	897,084	(134,563)	762,521
Dewan Textile Mills Limited	388	1,048	(157)	891
Ferozsons Laboratories Limited	1,100	388,102	(58,215)	329,887
Frieslandcampina Engro Pakistan	90,000	10,357,200	(1,553,580)	8,803,620
Hinopak Motors Limited	20,000	12,243,000	(1,836,450)	10,406,550
J. D. W. Sugar Mills Limited	409	91,207	(13,681)	77,526
Javedan Corporation Limited	96,228	4,060,822	(609,123)	3,451,699
Kohinoor Mills Limited	204	6,120	(918)	5,202
Kohinoor Power Company Limited	88,500	584,100	(87,615)	496,485
Maqbool Textile Mills Limited	3,000	94,500	(14,175)	80,325
MCB Bank Limited	3	479	(72)	407
Merit Packaging Limited	3,500	61,810	(9,272)	52,538
Nishat (Chunian) Limited	72	3,621	(543)	3,078
Packages Limited	1,811	987,357	(148,104)	839,253
Pakistan Stock exchange	502,953	11,220,882	(1,683,132)	9,537,750
First Pak Modarba	70	245	(37)	208
Pakistan Refinery Limited	5,000	123,050	(18,458)	104,592
Picic Insurance Limited	2	3	-	3
First Prudential Modarba	269	699	(105)	594
Service Fabrics Limited	300,000	9,567,000	(1,435,050)	8,131,950
Shell Pakistan Limited	55	9,636	(1,445)	8,191
Sui Southern Gas Co. Limited	50,000	665,000	(99,750)	565,250
Tariq Glass Limited	21,656	2,303,765	(345,565)	1,958,200
Telecard Limited	35,000	519,400	(77,910)	441,490
Towellers Limited	500	62,000	(9,300)	52,700
TPL Corporation Limited	800,000	15,640,000	(2,346,000)	13,294,000
TPL Properties Limited	2,000,000	60,220,000	(9,033,000)	51,187,000
		<u>131,677,332</u>	<u>(19,751,602)</u>	<u>111,925,730</u>



(vi) SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

(vii) 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.

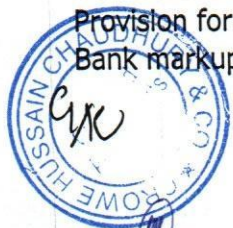
(viii) OTHER LIABILITIES

These represent current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

The breakup is as follows:

----- Rupees -----

Adit fee payable	368,984
FED Payable	824,236
Salaries Payble	741
Future cash exposure demand	27,221,516
Income tax payable	1,440
Tax payable on commission	347,963
CGT Payable	15,894,926
Dealers and agents balance	1,144,028
Provision for taxation	22,597,907
Bank markup	193,873

68,595,614


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