

INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of **Creative Capital Securities (Private) Limited**

Opinion

We have audited the statement of Net Capital Balance of **Creative Capital Securities (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 Rules (SEC) 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 **Creative Capital 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 **Creative Capital Securities (Private) Limited**, SECP, PSX and NCCPL and should not be distributed to parties other than **Creative Capital 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 SECP 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 finding, 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 Iqbal**

Karachi

Dated: March 2, 2020


Chartered Accountant

CREATIVE CAPITAL SECURITIES (PRIVATE) LIMITED
Net Capital Balance As At 31st December 2019

DESCRIPTION	VALUATION BASIS		Rupees VALUE
<u>CURRENT ASSETS</u>			
Cash in hand	As per book value		
Cash at bank	Bank balances pertaining to brokerage house	480,948	
	Bank balances pertaining to client	5,599,296	6,080,243
	Total bank balances		
Deposits against exposure and losses with Pakistan Stock Exchange	As per book value	32,450,000	32,450,000
Trade Receivable	Book Value	82,721,542	
	Less: overdue for more than 14 days	(66,478,868)	
	Book Value less Overdue for more than 14 days		16,242,674
Investment in Listed Securities in the name of broker	Market value	18,010,284	
	Less: 15% discount	(2,701,543)	
			15,308,741
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.		12,409,113
Listed Term Finance Certificates/Corporate Bonds (Not less than BBB grade)	Market value	-	
	Less: 10% discount		
Federal Investment Bonds	Market value	-	
	Less: 15% discount		
Treasury bills	Market value		
			43,960,528
			82,490,771
<u>CURRENT LIABILITIES</u>			
Trade Payable	Book value	4,934,017	
	Less: Overdue for more than 30 days	(4,369,201)	
			564,816
Other liabilities	Overdue for more than 30 days	4,369,201	
	As classified under the generally accepted accounting principles.	2,293,592	6,662,793
			75,263,162

Net Capital Balance As At 31st December 2019

CHIEF EXECUTIVE



DIRECTOR

Notes To The Net Capital Balance Certificate
CREATIVE CAPITAL SECURITIES (PRIVATE) LIMITED
As On December 31, 2019

1 STATEMENT OF COMPLIANCE

The statement of net capital balance of the Company ('the Statement') of **CREATIVE CAPITAL SECURITIES (PRIVATE) LIMITED** ("the Company") has been prepared in accordance with the Rule 2(d) of, and Third Schedule to the Securities and Exchange Rules, 1971 and in accordance with the clarifications / guidelines issued by Securities and Exchange Commission of Pakistan (SECP). All figures have been obtained from the unaudited financial statements of the Company for the period ended December 31, 2019.

2 BANK BALANCES AND CASH DEPOSITS

Cash in Hand	-
Bank Balances pertaining to house	480,948
Bank Balances pertaining to client	5,599,296
	6,080,243
Deposit at clearing house	32,450,000
	<u>38,530,243</u>

3 TRADE RECEIVABLES

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

Book Value	82,721,542
Over Due for more than 14 Days	(66,478,868)
	<u>16,242,674</u>

4 SECURITIES PURCHASED FOR CLIENTS

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

12,409,113

5 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These includes Investments in following listed equity Securities valued at market rates prevailing as on December 31, 2019 less discount as prescribed in Rule 2 (d) of the Third Schedule to the Securities and Exchange Rules, 1971.

Less 15% Marked to Market	18,010,284
	(2,701,543)
	<u>15,308,741</u>

6 TRADE PAYABLES

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

Book Value	4,934,017
Less Over Due more than 30 days	(4,369,201)
	<u>564,816</u>

7 OTHER LIABILITIES

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

Over Due More than 30 Days	4,369,201
Accrued and other liabilities	1,971,884
Other Payable	321,708
	<u>6,662,793</u>

DATE OF ISSUANCE

This statement is being issued on 02nd March 2020


CHIEF EXECUTIVE




DIRECTOR