



## **Review Report on Statement of Liquid Capital Balance**

The Chief Executive Officer of **Dr. Arslan Razaque Securities Private Limited**

### **Introduction**

We have reviewed the accompanying Statement of Liquid Capital Balance of **M/s Dr. Arslan Razaque Securities Private Limited** (*the Securities Broker*) as at **December 31, 2021** and notes to the Statement of Liquid Capital Balance (*here-in-after referred to as the 'the statement'*). Management is responsible for the preparation of the statement in accordance with the requirements of the Second Schedule of the Securities Brokers (*Licensing and Operations*) Regulations, 2016 (*the Regulations*) issued by the Securities & Exchange Commission of Pakistan (*SECP*). Our responsibility is to express a conclusion on the statement based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the independent Auditor of the Entity' which applies to review of historical financial information performed by the independent auditor of the Securities Broker. A review of historical financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement is not prepared, in all material respects, in accordance with the requirements of Third Schedule of the Regulations.

### **Other Matter - Restriction on Distribution and Use**

Our report is intended solely for **Dr. Arslan Razaque Securities Private Limited** (*the Securities Broker*), *SECP, Pakistan Stock Exchange and National Clearing Company of Pakistan Limited* and should not be distributed to any other parties. Our conclusion is not modified in respect of this matter.

**Mr. Muhammad Aslam Khan**  
IECnet S.K.S.S.S.  
Chartered Accountants  
Lahore



**Date:** February 07, 2022



DR. ARSALAN RAZAQUE SECURITIES LIMITED

Statement of Liquid Capital

As on 31.12.2021

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	1,450,926	100.00%	-
1.2	Intangible Assets	19,000,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	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.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	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.			
	<b>Investment in Equity Securities</b>			
1.5	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.	41,938,186	7,860,498	34,077,688
	ii. If unlisted, 100% of carrying value.	20,533,912	100.00%	-
1.6	Investment in subsidiaries			
	<b>Investment in associated companies/undertaking</b>			
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.	400,000	0.00%	400,000
1.9	Margin deposits with exchange and clearing house.			
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	281,273	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)			
	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	Receivables other than trade receivables			
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	94,112		94,112
	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (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>i. Lower of net balance sheet value or value determined through adjustments.</i>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>			
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	-	-	-
	v. Incase 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. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	929,308	592,005	592,005
	<i>vi. 100% haircut in the case of amount receivable form related parties.</i>	3,683,200	100.00%	
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	2,347,053	-	2,347,053
	ii. Bank balance-customer accounts	2,597,513	-	2,597,513
	iii. Cash in hand	13,628,668	-	13,628,668
1.19	<b>Total Assets</b>	<b>106,884,151</b>	<b>8,452,508</b>	<b>53,737,037</b>
<b>2. Liabilities</b>				
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	2,710,959	-	2,710,959
	<b>Current Liabilities</b>			
2.2	i. Statutory and regulatory dues			
	ii. Accruals and other payables	336,238	-	336,238
	iii. Short-term borrowings	2,000,000	-	2,000,000
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for bad debts	338,064	-	338,064
	viii. Provision for taxation	307,292	-	307,292
	ix. Other liabilities as per accounting principles and included in the financial statements			
	<b>Non-Current Liabilities</b>			
2.3	i. Long-Term financing			
	ii. Staff retirement benefits			
	iii. Other liabilities as per accounting principles and included in the financial statements			
2.4	<b>Subordinated Loans</b> 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted			
2.5	<b>Total Liabilities</b>	<b>5,692,553</b>		<b>5,692,553</b>
<b>3. Ranking Liabilities Relating to :</b>				
	<b>Concentration in Margin Financing</b>			
3.1	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.			
	<b>Concentration in securities lending and borrowing</b>			
3.2	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			





S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>Net underwriting Commitments</b>			
3.3	(a) in the case of right issue : 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 issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments			
3.4	<b>Negative equity of subsidiary</b> 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	<b>Foreign exchange agreements and foreign currency positions</b> 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
3.7	<b>Repo adjustment</b> 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.			
3.8	<b>Concentrated proprietary positions</b> If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security			
3.9	<b>Opening Positions in futures and options</b> i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applyiong VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
3.10	<b>Short sell positions</b> i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	<b>Total Ranking Liabilites</b>			

101,191,597    Liquid Capital    48,044,484

**Calculation Summary of Liquid Capital**

- (i) Adjusted value of assets (serial number 1.19)
- (ii) Less: Adjusted value of Liabilities (serial number 2.5)
- (iii) Less: Total ranking liabilities (serial number 3.11)

53,737,037  
(5,692,553)

48,044,484



*[Signature]*

Director

*[Signature]*  
Chief Executive Officer



**DR. ARSALAN RAZAQUE SECURITIES LIMITED**  
**NOTES TO THE STATEMENT OF LIQUID CAPITAL BALANCE**

*As at December 31, 2021*

**1- Basis of Accounting**

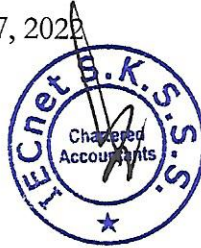
This Liquid capital have been prepared under the historical cost convention except for investments that are valued at market value. Further, accrual basis of accounting is followed.

**2- Date of Issuance**

This statement was authorized for issue on Feb 07, 2022



Chief Executive Officer





Director

