

35. BASE MINIMUM CAPITAL

In compliance with the Regulation 19.2 of the Rule Book of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Brokers and Agents Registration Rules, 2001, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, as at 30 June 2021, the Company is required to maintain BMC of Rs. 33.391 million.

The notional value of the TREC and the break-up value of the shares for the purpose of BMC is determined by the PSX as under:

	30 June 2021 (Rupees)
Cash	31,500,000
Trading Right Entitlement Certificates	2,500,000
	<u>34,000,000</u>

36. NET CAPITAL BALANCE

(Excess of Current Assets over Current Liabilities determined in accordance with the requirements of the second Schedule of 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)).

Description	Valuation Basis	Note	
Current Assets			
Cash in hand, bank balances	As per book value	36.2	332,701,076
Cash deposited as margin with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited NCCPL	As per book value	36.3	202,763,867
Investment in listed securities in the name of broker	At market value Less: Securities not in exposure Less: Securities in exposure list marked to market less 15% discount		- - -
Listed TFCs / Corporate Bonds of not less than BBB grade assigned by credit rating company in Pakistan	At market value Less: Marked to market less 10% discount	36.4	4,009,646 (400,965)
Trade debts	As per book value Less: Overdue for more than 14 days	36.5.1	446,434,944 (31,568,331)
			953,940,237
Current Liabilities			
Trade payables	As per book value Less: Overdue for more than 30 days	36.6	276,888,181 (74,634,325)
Other liabilities	As per book value - Trade payables overdue for more than 30 days - Short term borrowing - Accrued expenses and others	36.7	74,634,325 149,996,346 247,013,433
			673,697,960
Net Capital Balance as at 30 June 2021			<u>280,242,277</u>

36.1 Basis of accounting

36.1.1 The statement of net capital balance ("the Statement") has been prepared 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 and Exchange Commission of Pakistan (SECP).

36.1.2 Basis of accounting

The valuation of current assets and current liabilities for the purpose of net capital balance has been determined on the basis of the following:

Description	Valuation Basis
Bank balances and cash deposit	As per book value
Trade debts	Book value less those overdue for more than fourteen days.
Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount.
Any other assets as specified by the Commission	As per the valuation basis determined by the Commission.
Trade payables	Book value less those overdue for more than 30 days.
Other liabilities	As classified under the generally accepted accounting