

## **Independent Auditors Report on Statement of Net Capital Balance**

### **To the Chief Executive Officer of HORIZON SECURITIES LIMITED**

#### **Opinion**

We have audited the Statement of Net Capital Balance of **HORIZON SECURITIES LIMITED** [‘the Securities Broker’] and notes to the Statement of Net Capital Balance as at **December 31, 2020** [‘the Statement’].

In our opinion, the financial information in the Statement of the Securities Broker as at December 31, 2020 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 the fact that all amounts reported in the Statement have been accounted for on accrual basis. The Statement is prepared to assist 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 the Securities Broker, SECP, PSX and NCCPL and should not be distributed to parties other than the Securities Broker, 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 are 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

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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 **ZUBAIR IRFAN MALIK**.

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
*Chartered Accountants*  
Lahore: February 26, 2021



# HORIZON SECURITIES LIMITED

## STATEMENT OF NET CAPITAL BALANCE AS AT DECEMBER 31, 2020

	Note	Rupees
<b>CURRENT ASSETS</b>		
Cash and bank balances		
Proprietary accounts		1,185,516
Client accounts		60,812,750
Cash in hand		-
		61,998,266
Exposure/margin deposits		20,470,170
Trade receivables		
Book value		45,953,413
Less: Overdue for more than 14 days		(25,161,206)
		20,792,207
Investment in listed securities		
Market value	2	701,170
Less: 15% discount		(105,176)
		595,994
Securities purchased for client over due for more the 14 days		6,801,481
<b>TOTAL CURRENT ASSETS</b>	<b>A</b>	<b>110,658,118</b>
<b>CURRENT LIABILITIES</b>		
Trade payables		
Book value		62,678,990
Less: Overdue for more than 30 days		(17,483,543)
		45,195,447
Other liabilities	3	22,062,691
<b>TOTAL CURRENT LIABILITIES</b>	<b>B</b>	<b>67,258,138</b>
<b>NET CAPITAL BALANCE</b>	<b>A - B</b>	<b>43,399,980</b>

  
ZAFAR IQBAL  
Chief Executive

# HORIZON SECURITIES LIMITED

## NOTES TO THE NET CAPITAL BALANCE AS AT DECEMBER 31, 2020

### 1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for investment in listed securities which is carried at fair value. In these financial statements, all transactions have been accounted for on accrual basis.

	<i>Rupees</i>
<b>2 INVESTMENT IN LISTED SECURITIES</b>	
Dawood Hercules Corporation Limited 1,000 ordinary shares of Rs. 10 each Market value: Rs. 121.54 per share	121,540
Engro Corporation Limited 1,000 ordinary shares of Rs. 10 each Market value: Rs. 307.36 per share	307,360
Frieslandcampins Engro Foods Limited 1,000 ordinary shares of Rs. 10 each Market value: Rs. 82.27 per share	82,270
Pakistan Services Limited 200 ordinary shares of Rs. 10 each Market value: Rs. 950 per share	190,000
	<b>701,170</b>
<b>3 OTHER LIABILITIES</b>	
Trade payable overdue more than 30 days	17,483,543
Accrued liabilities	2,297,164
Withholding tax payable	105,445
Punjab sales tax and CVT payable	705,669
Current portion of non-current liabilities	1,470,870
	<b>22,062,691</b>



ZAFAR IQBAL  
Chief Executive