



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Next Capital Limited (the Securities Broker)

Introduction

We have reviewed the Statement of Net Capital Balance of **Next Capital Limited** ("the Securities Broker") and notes to the Statement of Net Capital Balance as at 31 December 2019 (together 'the Statement').

Management is responsible for the preparation and presentation of this Statement 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). Our responsibility is to express a conclusion on this Statement of Net Capital Balance based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 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.

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 Next Capital Limited (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 Next Capital Limited (the Securities Broker), SECP, PSX and NCCPL and should not be distributed to parties other than Next Capital Limited (the Securities Broker), the SECP, PSX or NCCPL. Our conclusion is not modified in respect of this matter.



KPMG Taseer Hadi & Co.

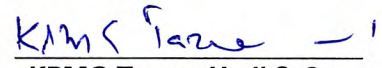
Conclusion

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 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).

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 16 March 2020

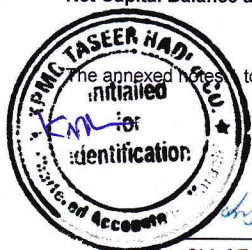
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Next Capital Limited
Statement of Net Capital Balance
As at 31 December 2019

(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	Sub Total (Rupees)	Total
Current Assets				
Cash in hand and bank balances	As per book value	2		193,722,261
Cash deposited as margin with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited (NCCPL)	As per book value	3		94,231,871
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	4	4,000,000	
	Less: Marked to market less 10% discount		(400,000)	
				3,600,000
Investment In T- Bills	At Market Value	5		49,722,177
Trade debts	As per book value	6	76,007,760	
	Less: Overdue for more than 14 days		(32,149,846)	
				43,857,914
Receivable from NCCPL	As per book value			26,824,773
Total Current Assets		A		411,958,996
Current Liabilities				
Trade payables	As per book value	7	172,852,226	
	Less: Overdue for more than 30 days		(50,629,550)	
				122,222,676
Other liabilities	As per book value	8		87,054,184
Total Current Liabilities		B		209,276,860
Net Capital Balance as at 31 December 2019		A - B		202,682,136



Chief Executive Officer



Chief Financial Officer

Next Capital Limited
Notes to the Statement of Net Capital Balance
For the year ended 31 December 2019

1. STATEMENT OF COMPLIANCE

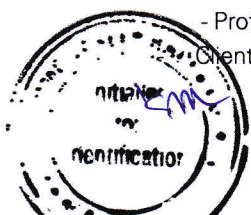
The statement of net capital balance of the Company ("the Statement") of the Next Capital Limited ("the Company") has been prepared in accordance with Rule 2 (d) of the Third Schedule to the Securities and Exchange Rules, 1971 and in accordance with the clarifications / guidelines issued by Securities and Exchange Commission of Pakistan (SECP). All figures have been obtained from the reviewed financial information of the Company for the period ended 31 December 2019.

- 1.1** 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
Cash in hand or in bank	As per book value
Trade receivables	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.
Listed TFCs	Marked to market less 10% discount
Treasury Bills	At market value
Any other assets as specified by the Commission	As per the valuation basis as 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 principles.

2 CASH IN HAND AND BANK BALANCES

	Note	31-Dec 2019 (Rupees)
Cash in hand		43,505
Bank balances pertaining to:		
- Next Capital Limited		
- Current account		11,316,344
- Profit and loss sharing account		1,875,854
Agents - current account and profit and loss sharing account	2.1	180,486,558
		193,722,261



- 2.1** The clients' bank account balance amounting to Rs. 180,486,558 has been restricted to overall trade payables balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification / guidelines issued by SECP on July 03, 2013, as follows:

	31-Dec 2019 (Rupees)
<i>Note</i>	
Clients' Account Bank Balance as at December 31, 2019	180,486,558
Trade payable as at December 31, 2019	172,852,226
Less: Accrual of trade payable for T+2 transactions	(2,351,597)
<i>Net Trade payable as at December 31, 2019</i>	170,500,629
Excess Balance in Clients' Account Bank Balance as at December 31, 2019	9,985,929

3 CASH DEPOSITED AS MARGIN WITH PSX AND NCCPL

- Deposit against exposure margin	3.1	84,243,167
- Deposit against Marginal Trading Services	3.2	9,988,705
		94,231,871

- 3.1** This represents deposit with NCCPL against the exposure margin in respect of trade in Futures & ready Market.

- 3.2** This represents deposit with NCCPL against the exposure margin in respect of trade and sustained losses to date on, Marginal trading services.

4 LISTED TFCS / CORPORATE BONDS OF NOT LESS THAN BBB GRADE ASSIGNED BY CREDIT RATING COMPANY IN PAKISTAN

	Quantity	Rate	Amount
Soneri Bank Limited - Term Finance Certificates	800	5,000	4,000,000
Less: Listed TFCs marked to market less 10% discount			(400,000)
			3,600,000

5 INVESTMENT IN T- BILLS

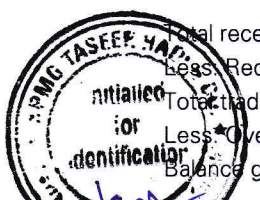
Treasury bills 6 Months	49,722,177
-------------------------	-------------------

Market Treasury bill is kept with NCCPL on account of ready market exposure in accordance with provision of securities Act.

6 TRADE DEBTS

These are valued at cost less debts outstanding for more than 14 days

	31-Dec 2019 (Rupees)
<i>Note</i>	
Total receivable	6.1 76,007,760
Less: Receivables other than brokerage business	6.2 -
Total trade receivables	76,007,760
Less: Over due for more than 14 days	(32,149,846)
Balance generated within 14 days and / or not yet due	43,857,914



	Note	31-Dec 2019 (Rupees)
6.1 The break up of total receivable is as follows:		
- Purchases of shares on behalf of clients		37,727,890
- Investments in Marginal Financing System	6.3	27,460,840
- Brokerage commission on equity		10,819,030
		76,007,760

6.2 Amount receivable other than brokerage business is not included for the purpose of Net Capital Balance in accordance with clause 2.7 of clarification/guidelines issued by SECP dated 03 July 2013.

6.3 This amount is given as a Margin Financing System (MFS) to clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markup at the rate of 1 month KIBOR + 8%.

7 TRADE PAYABLES

These represents balances due to customers in respect of trading of shares less trade payable balances overdue for more than 30 days which have been included in other liabilities.

8 OTHER LIABILITIES

These represents current liabilities, and trade payable which are overdue for more than 30 days. Other liabilities are stated at book value.

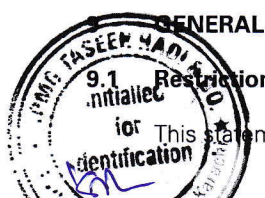
The break up is as follows:

As per book value

	Note	31-Dec 2019 (Rupees)
- Trade payables overdue for more than 30 days		50,629,550
- Accrued expenses and others	8.1	36,424,634
		87,054,184

8.1 The break up of accrued expenses and others is as follows:

- Unclaimed Dividend	3,055,446
- Accrued commission to traders	6,777,067
- Accrued salaries and other expenses	3,401,395
- Auditor's remuneration	435,000
- Tax deducted at source	7,915,222
- Commission payable	78,251
- Markup payable	1,983,117
- Lease liabilities	9,688,572
- Other payables	3,090,564
	36,424,634





NEXT CAPITAL

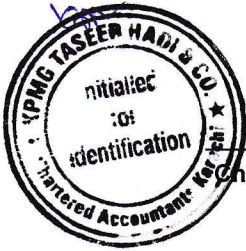
Head Office: Next Capital Limited

2nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi-75530, Pakistan.
UAN: +(92-21) 111-639-825 Fax: +(92-21) 35632321 Url: www.nextcapital.com.pk

(SECP), Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). Therefore, this statement may not be suitable for any other purpose and should not be distributed to parties other than Next Capital Limited (the Securities Broker), SECP, PSX or NCCPL

9.2 Date of issuance

This statement is being issued on 16 MAR 2020.



Chief Executive Officer

Chief Financial Officer

