

FOUNDATION SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

38. NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

DESCRIPTION	VALUATION BASIS	Note	Total
Current Assets			
Cash in hand and bank balances	As per book value	38.1	666,582,860
Cash deposited as margin with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited (NCCPL).	As per book value		51,178,202
Trade receivables	Book value less overdue for more than 14 days	38.2	272,072,661
Investment in listed securities in the name of broker	At market value less 15% discount as per Schedule II	38.3	11,525,355
Securities purchased for client	Value of shares appearing in clients respective sub account to the extent of overdue balance for more than 14 days		7,007,443
Total Current Assets			1,008,366,521
Current Liabilities			
Trade payables	Book value less overdue for more than 30 days	38.4	516,086,543
Other liabilities		38.5	350,614,104
Total Current			866,700,647
Net Capital Balance as at June 30, 2020			141,665,874

NOTES TO THE NET CAPITAL BALANCE

38.1 CASH IN HAND AND BANK BALANCES

These are stated at book value:

Cash in hand	72,356
Bank balances pertaining to the Company	34,244,757
Bank balances pertaining to the clients	604,265,747
Term Deposit Recceipts	28,000,000
	666,582,860