



IECNET S.K.S.S.S.

Chartered Accountants



INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Asad Mustafa Securities (SMC-Pvt) Limited

Opinion

We have audited the Statement of Net Capital Balance of **Asad Mustafa Securities (SMC-PVT) Limited** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at June 30, 2017 (hereinafter collectively referred to as "the statement").

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2017 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

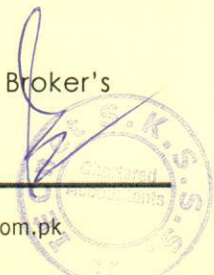
The statement is prepared to assist the Securities Broker to meet the requirements of the SECP, Pakistan Stock Exchange ("PSX") and National Clearing Company of Pakistan Limited ("NCCPL"). As a result, the statement may not be suitable for any other purpose. Our report is intended solely for the Securities Broker, SECP, PSX and NCCPL, and should not be distributed to parties other than the Securities Broker, 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 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.

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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 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.

IECnet S.K.S.S.S,
Chartered Accountants



Engagement partner: **Mr. Muhammad Aslam Khan.**

Lahore.

Date: August 31, 2017

A.M.S (SMC-PVT) Ltd.

HEAD OFFICE:- 601/1-1Z, PHASE III, DHA, Lahore Pakistan

Asad Mustafa Securities (SMC-Private) Limited

ASAD MUSTAFA SECURITIES (SMC - PVT.) LIMITED
CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED
CALCULATION OF NET CAPITAL BALANCE CERTIFICATE
FOR PURPOSES OF RULE 2 (d) OF SECURITIES AND EXCHANGE RULES, 1971
AS AT JUNE 30 , 2017

<u>A. DESCRIPTION OF CURRENT ASSETS</u>	<u>Basis of Accounting</u>	<u>AMOUNT</u> <u>(Rupees)</u>
1 Cash and bank balances	As per book value	
Cash at Bank (Broker account)		90,350
Cash at Bank (Client account)		729,432
		819,783
2 Trade Receivables		
Receivable from Clients	Book value less over due for	1,830
Less: Over due for more than 14 days	more than 14 days	(1,830)
		-
3 Investment in listed securities in the name of company		
Value of Shares	Securities on exposure list to	30,382,000
Less: 15% Discount	market less 15% discount	4,557,300
		25,824,700
		<u>26,644,483</u>
 <u>B. DESCRIPTION OF CURRENT LIABILITIES</u>		
1 Trade payables		
Book Value	Book value less over due for	710,076
Less: Overdue for more than 30 days	more than 30 days	(710,076)
		-
2 Short term Directors' Loan	As per book value	2,716,846
3 Other liabilities	As classified under generally	810,829
	accepted accounting principles	
		<u>3,527,675</u>
Net Capital Balance		<u>23,116,807</u>

et d
Chief Executive/Director



ASAD MUSTAFA SECURITIES (SMC - PVT.) LIMITED
 NOTES TO NET CAPITAL BALANCE SCHEDULE
 AS AT JUNE 30, 2017

<u>A. DESCRIPTION OF CURRENT ASSETS</u>	<u>AMOUNT (Rupees)</u>
1 Cash and bank balances	
Cash in House Bank Account	90,350
Cash in Client Bank Account	729,432
	<u>819,783</u>

The excess of client cash over trade payables is on account of undeducted broker commissions in the amount of Rs. 19,355.

2 Investment in listed securities in the name of company	Holding as per CDC	Market value as on June 30, 2017	Total
		Rupees	Rupees
Engro Fertilizer Limited	550,000	55.24	30,382,000
Less: 15% Discount			4,557,300
			<u>25,824,700</u>

B. DESCRIPTION OF CURRENT LIABILITIES

2 Short term Directors' Loan	
Loan from Director	2,716,846
	<u>2,716,846</u>
3 Other liabilities	
Sales Tax payable to PRA	15,583
NCCPL Charges	40,169
Audit Fee Payable	45,000
Trade Payables Overdue For More Than 30 days	710,077
	<u>810,829</u>

Chief Executive/Director

