

**INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE****To the Chief Executive Officer of Zafar Securities (Private) Limited****Opinion**

We have audited the Statement of Net Capital Balance of **Zafar Capital Securities (Private) Limited** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at December 31, 2017 (hereinafter collectively referred to as "the statement").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We report that:

- a) The aging of trade payables and receivables and the value of securities held on behalf of clients is based on a system-generated report, the accuracy of which has not been verified;
- b) Except for the matter noted in paragraph (a) above, and the impact, if any, that the noted matter may have on the statement, in our opinion, the financial information in the statement of the Securities Broker as at December 31, 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.

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: March 15, 2017

ZAFAR SECURITIES (PRIVATE) LIMITED
MEMBER PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT 31 DECEMBER 2017

(Excess of Current assets Over Current Liabilities determined in accordance with third schedule of Securities and Exchange Rules, 1971)

<u>DESCRIPTION</u>	<u>VALUATION BASIS</u>	<u>AMOUNT</u> <u>RUPEES</u>
<u>CURRENT ASSETS</u>		
Cash in hand		125,905
Cash at bank	As per Book value	
- Pertaining to house account		3,284,274
- Pertaining to client account		103,126,695
		<u>106,410,969</u>
Margin Account with PSX		28,283,388
Trade receivable	Book value	65,926,418
	Less: Overdue For more than 14 days	<u>27,574,318</u>
		38,352,100
Other receivable	Book value	Nil
Investment in listed securities / commodity future contracts in the name of broker	Securities / contract on the exposure list marked on the market	64,956,189
	Less: 15% discount	<u>9,743,428</u>
		55,212,761
Securities purchased for clients	Securities purchased for clients and held by the member where the payment has not been received within 14 days	-
Investment in shares	As per book value	-
	Securities appearing and owned by brokerage	-
Securities purchased under Resale obligation		-
Listed TFCs / Corporate bonds / other of not less than BBB grade assigned by a credit rating Company on Pakistan	Marked to market	Nil
	Less: 10% discount	
Pakistan Investment Bonds	Marked to market	Nil
	Less: 5% discount	
Total Current assets		228,385,123
<u>CURRENT LIABILITIES</u>		
Securities sold under Rcpurchase agreements	As per Book value	Nil
Trade payables	Book value	102,378,683
	Less: More than 30 days payable	<u>52,743,723</u>
		49,634,960
Other liabilities	As classified under the Generally Accepted Accounting principles	129,782,110
Total Current liabilities		179,417,070
NET CAPITAL BALANCE AS AT 31 DECEMBER 2017		48,968,053

CHIEF EXECUTIVE



DIRECTOR

ZAFAR SECURITIES (PRIVATE) LIMITED
MEMBER PAKISTAN STOCK EXCHANGE LIMITED
EXPLANATORY NOTES TO THE NET CAPITAL BALANCE AS AT 31 DECEMEBR 2017

1 BASIS OF ACCOUNTING

This Statement of Net Capital Balance has been prepared in accordance with the requirements of the Third Schedule read with Rule 2(d) of the Securities and Exchange Commission (SEC) Rules 1971 and the Securities Brokers (Licensing and Operations) Regulations 2016 (Regulations) and the Clarifications / Guidelines in respect of Third Schedule of Securities and Exchange (SEC) Rules 1971 issued by Securities and Exchange Commission of Pakistan.

2 INVESTMENT IN LISTED SECURITIES

Sr. No.	Security Name	Available	Rate	Value
1	AGRITECH LIMITED	164,500	4.87	801,115
2	AKZO NOBEL PAKISTAN LIMITED	5,000	213	1,065,000
3	ARCHROMA PAKISTAN LIMITED	1,300	529	687,700
4	AISHA STEEL MILLS LIMITED	18,000	17.74	319,320
5	ATTOCK REFINERY LIMITED	0	234.12	0
6	THE BANK OF PUNJAB	0	8.24	0
7	BESTWAY CEMENT LIMITED	1,903	138.66	263,870
8	BYCO PETROLEUM PAKISTAN LIMITED	0	12.8	0
9	CLOVER PAKISTAN LIMITED	5,000	45.79	228,950
10	COLGATE PALMOLIVE	1,200	2800	3,360,000
11	CRESCENT STAR INSURANCE LIMITED	69,000	4.09	282,210
12	CRESCENT STAR INSURANCE LIMITED	15,125	0.03	454
13	COLONY TEXTILE MILLS LIMITED	12,580	4.1	51,578
14	DAWOOD HERCULES CORPORATION	1,500	111.88	167,820
15	DAWOOD EQUITIES LIMITED	10,000	11	110,000
16	DEWAN FAROOQUE MOTORS LIMITED	25,000	28.37	709,250
17	D.G. KHAN CEMENT COMPANY LIMITED	2,500	133.72	334,300
18	DIN TEXTILE MILLS LIMITED	1,000	134.08	134,080
19	DREKKAR KINGSWAY LIMITED	5,000	5.1	25,500
20	DESCON OXYCHEM LIMITED	7,000	12.87	90,090
21	ENGRO POLYMERS & CHEMICALS	0	28.56	0
22	FIRST DAWOOD INVESTMENT BANK	140,000	1.68	235,200
23	FAUJI FERTILIZER COMPANY LIMITED	800	79.11	63,288
24	FAUJI FOODS LIMITED	400	16.46	6,584
25	GHANI AUTOMOBILE INDUSTRY	130,000	6.76	878,800
26	GHANI GLOBAL GLASS LIMITED	35,000	14.46	506,100
27	GLAXOSMITHKLINE PAKISTAN LIMITED	0	167.88	0
28	THE HUB POWER COMPANY LIMITED	0	91	0
29	HASEEB WAQAS SUGAR MILLS LIMITED	10,000	5.59	55,900
30	IGI INSURANCE LIMITED	8,500	292.89	2,489,565
31	INTERNATIONAL STEELS LIMITED	9,500	106.37	1,010,515
32	INNOVATION INVESTMENT BANK	10	16.94	169
33	KOT ADDU POWER COMPANY LIMITED	0	53.9	0
34	KOHINOOR TEXTILE MILLS LIMITED	94,461	66.25	6,258,041
35	LOADS LIMITED	86,175	40.31	3,473,714
36	LOTTE CHEMICAL PAKISTAN LIMITED	0	7.17	0
37	LSE FINANCIAL SERVICES	0	22.53	0



38	LUCKY CEMENT LIMITED	0	517.41	0
39	MASOOD TEXTILE MILLS LIMITED	77,000	95.6	7,361,200
40	MURREE BREWERY COMPANY LIMITED	1,450	776.34	1,125,693
41	NATIONAL FOODS LIMITED	300	324.16	97,248
42	NIMIR RESINS LIMITED	10,209	5.91	60,335
43	PACE(PAKISTAN)LIMITED	11,500	4.14	47,610
44	PAK ELEKTRON LIMITED	8,000	47.49	379,920
45	PERVEZ AHMED SECURITIES LIMITED	18,000	1.05	18,900
46	TERMINAL LIMITED	412	14.95	6,159
47	PACKAGES LIMITED	400	509.83	203,932
48	POWER CEMENT LIMITED	137	8.74	1,197
49	PAKISTAN REFINERY LIMITED	0	35.18	0
50	QUICE FOOD INDUSTRIES LIMITED	196	4.62	906
51	THE SEARLE COMPANY LIMITED	820	314.86	258,185
52	SOUTHERN ELECTRIC POWER COMPANY	25,000	314.86	7,871,500
53	SILKBANK LIMITED	876,000	1.58	1,384,080
54	SINGER PAKISTAN LIMITED	250,000	36.42	9,105,000
55	SALLY TEXTILE MILLS LIMITED	9,000	2.87	25,830
56	SUMMIT BANK LIMITED	100,000	2.77	277,000
57	SITARA PEROXIDE LIMITED	0	14.87	0
58	SUI SOUTHERN GAS COMPANY LIMITED	0	30.49	0
59	TPL TRAKKER LIMITED	10,000	7.15	71,500
60	TREET CORPORATION LIMITED	2,095	37.05	77,620
61	TRG PAKISTAN LIMITED - CLASS 'A'	15,000	29.6	444,000
62	WORLDCALL TELECOM LIMITED	4,443,000	2.82	12,529,260
Total				64,956,189

3 TRADE RECEIVABLES

Receivable from NCCPL	5,330,803
Sundry debtors	60,595,615
Less: over due more than 14 days	27,574,318
	38,352,100

4 TRADE PAYABLES

Payable to NCCPL	-
Sundry creditors	102,378,683
Less: payable more than 30 days	52,743,723
	49,634,960

5 OTHER LIABILITIES

Trade and other payables	77,038,387
Payable more than 30 days	52,743,723
	129,782,110

