

**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 Securities (Private) 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").

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 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.

A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING FIRMS

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**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: September 18, 2017

ZAFAR SECURITIES (PRIVATE) LIMITED
MEMBER PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT 30 JUNE 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		98,726
Cash at bank	As per Book Value	
- Pertaining to house account		655,684
- Pertaining to client account		103,941,187
Margin Account with PSX		16,740,000
Trade Receivables	Book Value	64,287,469
	Less Overdue For more than 14 days	9,780,718
Other Receivable	Book Value	201,814,550
Investment in Listed Securities/Commodity future Contracts in the name of broker	Securities/Contract on the exposure list marked on the market	166,367,394
	Less 15% Discount	24,955,109
Securities Purchased for clients	Securities Purchased for clients and held by the member where the payment has not been received within 14 days	9,642,752
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 Less 10% Discount	Nil
Pakistan Investment Bonds	Marked to Market Less 5% Discount	Nil
Total Current Assets		528,811,935
<u>CURRENT LIABILITIES</u>		
Securities sold under Repurchase Agreements	As per Book Value	Nil
Trade Payables	Book Value	299,454,968
	Less: More than 30 days payable	53,473,495
Other Liabilities	As Classified under the Generally Accepted Accounting principles	161,417,548
Total Current Liabilities		407,399,021
NET CAPITAL BALANCE AS AT 30 June 2017		121,412,914


CHIEF EXECUTIVE





DIRECTOR

ZAFAR SECURITIES (PRIVATE) LIMITED
MEMBER OF PAKISTAN STOCK EXCHANGE
EXPLANATORY NOTES TO THE NET CAPITAL BALANCE AS AT 30 JUNE 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.	NAME OF SECURITY	No. of Shares	Rate	Amount Rupees
		A	B	C = A x B
1	Agritech Limited	164,500	8.98	1,477,210
2	Akzo Nobel Pakistan Limited	5,000	240.00	1,200,000
3	Azgard Nine Limited	20,000	11.13	222,600
4	Archroma Pakistan Limited	1,300	712.79	926,627
5	Aisha Steel Mills Limited	15,000	20.34	305,100
6	Aisha Steel Mills Limited - LoR	3,000	-	-
7	Bestway Cement Limited	4,403	219.12	964,785
8	Byco Petroleum Pakistan Limited	5,000	19.10	95,500
9	Clover Pakistan Limited	5,000	50.38	251,900
10	Colgate-Palmolive (Pakistan) Limited	1,200	2,302.00	2,762,400
11	Colony Textile Mills Limited	12,580	4.97	62,523
12	Dawood Hercules Corporation Limited	1,500	136.36	204,540
13	Dewan Farooque Motors Limited	55,000	33.79	1,858,450
14	Din Textile Mills Limited	1,000	113.05	113,050
15	Drekhar Kingsway Limited	5,000	7.22	36,100
16	Descon Oxychem Limited	7,000	18.35	128,450
17	Dewan Salman Fibre Limited	100,000	4.07	407,000
18	Engro Polymer and Chemicals Limited	15,000	36.50	547,500
19	First Dawood Investment Bank Limited	140,000	3.21	449,400
20	Fauji Foods Limited	100	75.28	7,528
21	Ghani Automobile Industries Limited	110,000	11.67	1,283,700
22	Ghani Global Glass Limited	35,000	19.99	699,650
23	The Hub Power Company Limited	90,000	117.43	10,568,700
24	Haseeb Waqas Sugar Mills Limited	10,000	11.77	117,700
25	IGI Insurance Limited	11,000	316.80	3,484,800
26	Jahangir Siddiqui and Company Limited	2,000,200	22.83	45,664,566
27	Kot Addu Power Company Limited	5,000	72.02	360,100
28	Kohinoor Textile Mills Limited	89,115	105.13	9,368,660
29	Loads Limited	65,000	41.47	2,695,550
30	Lotte Chemical Pakistan Limited	100,000	9.85	985,000
31	Masood Textile Mills Limited	77,000	103.00	7,931,000
32	Murree Brewery Company Limited	2,650	771.75	2,045,138
33	National Foods Limited	300	271.00	81,300
34	Nimir Resins Limited	10,000	9.43	94,300
35	Pace(Pakistan)Limited	20,000	6.96	139,200
36	Pak Elektron Limited	1,000	110.32	110,320
37	Pervez Ahmed Securities Limited	18,000	1.97	35,460
38	Pakistan International Bulk Terminal Limited	110,412	23.16	2,557,142
39	Packages Limited	7,400	695.58	5,147,292
40	Power Cement Limited	15,500	13.38	207,390
41	Power Cement Limited - LoR	25,137	-	-
42	Pakistan Petroleum Limited	10,000	148.14	1,481,400
43	Pakistan Refinery Limited	9,900	53.26	527,274
44	Quice Food Industries Limited	120,196	6.63	796,899
45	Reliance Insurance Company Limited	18,000	9.05	162,900
46	The Searle Company Limited	10,000	511.98	5,119,800
47	Silkbank Limited	826,000	1.68	1,387,680
48	Singer Pakistan Limited	650,000	62.24	40,456,000
49	Sally Textile Mills Limited	9,000	12.00	108,000

Sr. No.	NAME OF SECURITY	No. of Shares	Rate	Amount Rupees
		A	B	C = A x B
50	Sitara Peroxide Limited	157,000	31.10	4,882,700
51	Sui Southern Gas Company Limited	7,500	36.41	273,075
52	Tpl Trakker Limited	25,000	9.88	247,000
53	Treet Corporation Limited	1,000	56.88	56,880
54	Trg Pakistan Limited - Class 'A'	44,500	40.09	1,784,005
55	Worldcall Telecom Limited	1,143,000	3.05	3,486,150
		6,395,393		166,367,394

3 CASH AND BANK BALANCES

	Amount Rupees
Cash in hand	98,726
Cash at bank:	
House account	655,684
Client account	103,941,187
	104,695,597

Trade payables exceed cash at clients bank account by an amount of Rs. 195.51 million due to following reconciling items:

Receivable from NCCPL	201,814,549
Relating to house	(1,237,688)
Future profit	10,978,825
Cash margin deposit	16,740,000
General Ledger credits	1,225,000
Less: General ledger debits	(31,994,000)
Bank credits	350,000
Less: Bank debits	(2,550,195)
Under clearing cheques	100,000
	195,426,491

4 TRADE RECEIVABLES

Receivable from NCCPL	201,814,550
Sundry debtors	64,287,469
Less: over due more than 14 days.	9,780,718
	256,321,301

5 TRADE PAYABLES

Sundry creditors	299,454,968
Less: payable more than 30 days	53,473,495
	245,981,473

6 OTHER LIABILITIES

Loan from directors	66,855,455
Accrued expenses	1,744,067
Other payables	38,793,906
Provision for taxation	550,625
Overdue for more than 30 days creditors	53,473,495
	161,417,548

Signature

Stamp: S.K.S. CHARTERED ACCOUNTANTS