



IECNET S.K.S.S.S.

Chartered Accountants



INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of AM Chaudhry Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of **AM Chaudhry 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.

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

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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

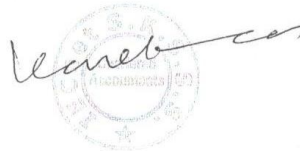
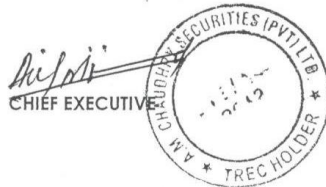
Engagement partner: **Mr. Muhammad Aslam Khan.**
Lahore.

Date: September 18, 2017

AM CHAUDHRY 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		432
Cash at bank	As per Book value	
- Pertaining to house account		2,589,228
- Pertaining to client account		3,568,734
		6,157,962
Trade receivable	Book value	456,256
	Less: Overdue For more than 14 days	435,008
		21,249
Other receivable	Book value	67,100
Investment in listed securities / commodity future contracts in the name of broker	Securities / contract on the exposure list marked on the market	-
	Less: 15% discount	-
		-
Securities purchased for clients	Securities purchased for clients and held by the member where the payment has not been received within 14 days	47,986
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		6,294,729
<u>CURRENT LIABILITIES</u>		
Securities sold under Repurchase agreements	As per Book value	Nil
Trade payables	Book value	3,601,088
	Less: More than 30 days payable	1,331,985
		2,269,103
Other liabilities	As classified under the Generally Accepted Accounting principles	1,666,621
Total Current liabilities		3,935,724
NET CAPITAL BALANCE AS AT 30 JUNE 2017		2,359,005



DIRECTOR

AM CHAUDHRY SECURITIES (PRIVATE) LIMITED
MEMBER PAKISTAN STOCK EXCHANGE LIMITED
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

2 CASH AND BANK BALANCES

Cash in hand	432
Cash at bank:	
House account	2,589,228
Client account	3,568,734
	<u>6,158,394</u>

3 TRADE RECEIVABLES

Receivable from NCCPL	67,100
Sundry debtors	456,256
Less: over due more than 14 days	435,008
	<u>88,349</u>

4 TRADE PAYABLES

Payable to NCCPL	-
Sundry creditors	3,601,088
Less: Trade payables more than 30 days	1,331,985
	<u>2,269,103</u>

5 OTHER LIABILITIES

Trade and other liabilities	250,000
Provision for taxation	8,517
Accrued expenses	71,588
FED payable	4,531
Trade payable more than 30 days overdue	1,331,985
	<u>1,666,621</u>

Am Chaudhry Securities (Private) Limited
