

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

STATEMENT OF NET CAPITAL BALANCE

FOR THE PERIOD ENDED DECEMBER 31, 2017

A member firm of



Independent Auditors Report on Statement of Net Capital Balance

The Chief Executive Officer

Muhammad Tariq Moti Securities (Private) Limited
Karachi

Opinion

We have audited the Statement of Net Capital Balance of **Muhammad Tariq Moti Securities (Private) Limited** and notes to the Statement of Net Capital Balance as at December 31, 2017.

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 **Muhammad Tariq Moti Securities (Private) Limited** 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 another purpose. Our report is intended solely for **Muhammad Tariq Moti Securities (Private) Limited** SECP, PSX, and NCCPL and should not be distributed to parties other than **Muhammad Tariq Moti Securities (Private) Limited** or the 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 the 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 is 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 risks 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.

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NAVEED ZAFAR ASHFAQ JAFFERY & Co.
Chartered Accountants
Engagement Partner- Ahsan Elahi Vohra



Dated: March 12, 2018

Karachi:

Muhammad Tariq Moti Securities (Private) Limited
 Notes to the statement of the net capital balance
MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
NET CAPITAL BALANCE AS AT DECEMBER 31, 2017

(Excess of Current Assets over Current Liabilities as determined in accordance with the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016)

| DESCRIPTION | VALUATION BASIS | VALUE (Amount in Rupees) | |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------|
| <u>CURRENT ASSETS</u> | | | |
| Cash in hand | As per book value | - | |
| Cash at bank: | | | |
| - Pertaining to brokerage house | As per book value | 4,283,251 | |
| - Pertaining to clients | As per book value | 5,410,396 | |
| - Deposit against exposure and losses with Pakistan Stock Exchange | | | |
| Total bank balances | As per book value | | 9,693,647 |
| Trade Receivable | | | |
| | Book Value | 8,430,417 | |
| | Less: overdue for more than 14 days | (6,934,538) | 1,495,879 |
| Investment in Listed Securities in the name of broker | | | |
| | Market value | 42,353,886 | |
| | Less: 15% discount | (6,353,083) | 36,000,803 |
| Securities purchased for client | Securities purchased for the client and held by the member where the payment has not been received within 14 days. | 4,747,421 | 4,747,421 |
| Listed Term Finance Certificates/Corporate Bonds (Not less than BBB grade) | Market value | | |
| | Less: 10% discount | - | - |
| Federal Investment Bonds | Market value | - | |
| | Less: 5% discount | - | - |
| Treasury bills | Market value | | 51,937,750 |
| <u>CURRENT LIABILITIES</u> | | | |
| Trade Payable | Book value | 5,410,396 | |
| | Less: Overdue for more than 30 days | (3,755,607) | 1,654,789 |
| Other liabilities | As classified under the generally accepted accounting principles. | | 1,146,724 |
| Trade payables overdue by 30 days | | | 3,755,607 |
| | | | 6,557,120 |
| NET CAPITAL AS AT DECEMBER 31, 2017 | | | 45,380,630 |

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 CHIEF EXECUTIVE



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 DIRECTOR



Muhammad Tariq Moti Securities (Private) Limited

Notes to the statement of the net capital balance

For the period ended December 31, 2017

1 STATEMENT OF COMPLIANCE

The statement of Net Capital Balance ("the Statement") of Muhammad Tariq Moti Securities Limited ("the Company") has been prepared in accordance with the requirements as contained in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016. All figures have been extracted from financial statements of the Company for the half year ended December 31, 2017.

2 BANK BALANCES AND CASH DEPOSITS

----- Rupees -----

These are stated at book value.

| | | |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|
| Cash in hand | | - |
| Bank balance pertaining to: | | |
| Brokerage house | 4,283,251 | |
| Client | 5,410,396 | |
| Total bank balance | | 9,693,647 |
| Less: adjustment to restrict client account to overall creditors | | - |
| Deposit against exposure and losses with Karachi Stock Exchange Limited (Now Pakistan Exchange Limited) | | - |

- 2.1 The client's bank account balance amounting to **Rs. Nil** has been restricted to overall trade payable balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification/guidelines issued by SECP on 03 July 2013 as follows:

3 TRADE RECEIVABLES

These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

----- Rupees -----

| | | |
|-----------------------------------------------------|-------------|-----------|
| Total receivable | 8,430,417 | |
| Outstanding for more than 14 days | (6,934,538) | |
| Balance generated within 14 days and/or not yet due | | 1,495,879 |

4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These include investments in following listed equity securities which are pledged with different banks as security against short term running finance facilities. Further, listed securities which are on the default counter of the stock exchange are valued at market rates prevailing as on December 31, 2017 less 15% discount as prescribed in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016. Securities on default counter and those not appearing on the exposure list of the stock exchange where such securities are listed have been excluded from the calculation.

5 SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

6 TRADE PAYABLES

This represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.



7 OTHER LIABILITIES

These represent current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

The breakup is as follows:

----- Rupees -----

Accrued expenses
Provision for worker's welfare fund

| |
|-----------|
| 1,146,724 |
| - |

1,146,724

8 DATE OF ISSUANCE

This statement is being issued on 12-03-2018.



CHIEF EXECUTIVE



DIRECTOR

