

## INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE OF THE SECURITIES BROKERS / BROKERAGE HOUSE

To the Board of Directors of M/s. Trust Securities & Brokerage Limited

We have audited the accompanying Statement of Net Capital Balance of M/s. **Trust Securities & Brokerage Limited** as at December 31, 2016 ("the statement"). The statement has been prepared by management based on the requirements of the Third Schedule read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 and the Securities Brokers (licensing and Operations) Regulations 2016 (Regulations).

### Management's Responsibility for the Statement

Management is responsible for the preparation of the statement in accordance with SEC Rules 1971 and Regulations, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial information in the statement of Net Capital Balance of M/s. **Trust Securities & Brokerage Limited** as at December 31, 2016 is prepared, in all material respects, in accordance with SEC Rules 1971 and Regulations.

**Basis of Accounting and Restriction on Distribution**

Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist **M/s. Trust Securities & Brokerage Limited** to meet the requirements of SECP in accordance with the SEC Rules 1971 and Regulations. As a result, the statement may not be suitable for another purpose. Our report is intended solely for **M/s. Trust Securities & Brokerage Limited** and SECP and should not be distributed to parties other than **M/s. Trust Securities & Brokerage Limited** or SECP.



*Haroon Zakaria*  
Haroon Zakaria & Company  
Chartered Accountants

Place: Karachi

Dated: 22 FEB 2017

**TRUST SECURITIES & BROKERAGE LIMITED**  
**CALCULATION OF NET CAPITAL BALANCE**  
**AS AT DECEMBER 31, 2016**

	<i>Note</i>	<i>Rupees</i>
<b><u>CURRENT ASSETS</u></b>		
Cash in hand		5,267
Cash at bank		
Balance pertaining to brokerage house		4,311,553
Balance pertaining to clients		19,606,432
		23,917,985
		23,923,252
Margin deposited with NCCPL	2	3,500,000
Trade Receivables		
Book value	3	59,520,474
Less: Overdue for more than 14 days		(58,362,231)
		1,158,243
Investment in listed securities		
Securities on the exposure list marked to market		177,340
Less: 15% discount		(26,601)
		150,739
Securities purchased for client where payment has not been received in 14 days	4	3,726,946
Total Current Assets	A	32,459,180
<b><u>CURRENT LIABILITIES</u></b>		
Trade Payables		
Book value	5	23,106,434
Less: Overdue for more than 30 days		(12,966,990)
		10,139,444
Other liabilities	6	16,825,103
Total Current Liabilities	B	26,964,547
<b>NET CAPITAL BALANCE</b>	<b>A minus B</b>	<b>5,494,633</b>

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**Chief Executive Officer**



**TRUST SECURITIES & BROKERAGE LTD**  
**NOTES TO THE NET CAPITAL BALANCE**  
**AS AT DECEMBER 31, 2016**

**2 BASIS OF ACCOUNTING**

This net capital balance have been prepared under the historical cost convention. Further, accrual basis of accounting is followed except for investments which are carried at fair value.

2 This represents margin deposits with NCCPL.

3 This represents receivable from clients against trade in market.

4 This represents securities held on behalf of client where payments is overdue for more than 14 days.

5 This represents payable to clients against trades executed in the market.

*Rupees*

**6 OTHER LIABILITIES INCLUDES**

Retirement benefits	1,999,004
Creditor for Services	1,419,846
Accrued and other liabilities	439,263
Trade payables which are over due for more than 30 days	<u>12,966,990</u>
	<u><u>16,825,103</u></u>

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**Chief Executive Officer**

