

**Independent Auditors Report on Statement of Net Capital Balance**

To the Board of Directors of **DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LIMITED**

We have audited the accompanying Statement of Net Capital Balance of **DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LIMITED** at DECEMBER 31, 2016 (the statement<sup>1</sup>). 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 **DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) 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 **DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) 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 **DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LIMITED** and SECP and should not be distributed to parties other than **DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LIMITED** or SECP.

  
CHARTERED ACCOUNTANTS  
(Engagement Partner: Muhammad Amin)



MARCH 03, 2017

FAISALABAD

**DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LIMITED**  
**STATEMENT OF NET CAPITAL BALANCE**

AS AT DECEMBER 31, 2016

(In accordance with Rule 2(d) and Third Schedule of the Securities and Exchange Rules, 1971)

	Notes	RUPEES	RUPEES
<b>Current Assets</b>			
Cash in Hand	2		13,758,668
Bank balances			
Pertaining to brokerage house		2,208,349	
Pertaining to clients	3	2,161,491	4,369,840
Trade receivables			
Book value		723,014	
Less: Overdue for more than 14 days	4	723,014	-
Securities purchased for clients	5		584,784
Investment in listed securities in the name of broker			
Securities on the exposure list		36,351,792	
Less: 15% adjustment (as required)	6	5,452,769	30,899,023
			A 49,612,315
<b>Current Liabilities</b>			
Trade Payables			
Book Value		1,318,744	
Less: Overdue for more than 30 days	7	456,632	862,113
Other liabilities			
Accrued expenses and other liabilities	8		456,632
			B 1,318,744
Net Total			(A-B) 48,293,570
Less: Amount allocated for Pakistan Mercantile Exchange Limited			(3,000,000)
<b>NET CAPITAL BALANCE</b>			45,293,570

*23/11/17*

Date: MARCH 03, 2017

  
**CHIEF EXECUTIVE OFFICER / SOLE DIRECTOR**

DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LIMITED  
 NOTES TO THE STATEMENT OF NET CAPITAL BALANCE  
 FOR THE PERIOD ENDED DECEMBER 31, 2016

1. BASIS OF PREPARATION

1.1 Statement of Compliance

This statement has been prepared in accordance with the requirements of the Rule 2(d) and Third Schedule of the Securities and Exchange Rules, 1971.

1.2. Basis of measurement

This statement has been prepared under the historical cost convention except investment in listed securities which are measured on fair value.

	NOTE	Dec-16 RUPEES
<b>2. CASH IN HAND</b>		
Cash in Hand		<u>13,758,668</u>
<b>3. BANK BALANCES</b>		
Pertaining to brokerage house		2,208,349
Pertaining to clients		<u>2,161,491</u>
		<u>4,369,840</u>
<b>4. TRADE RECEIVABLES</b>		
Book value		723,014
Overdue for more than 14 days		<u>(723,014)</u>
		<u>-</u>
<b>5. SECURITIES PURCHASED FOR CLIENTS</b>		
Securities purchased for client		<u>584,784</u>
<b>6. INVESTMENT IN LISTED SECURITIES</b>		
Securities on the exposure list		36,351,792
15% adjustment (as required)		<u>(5,452,769)</u>
		<u>30,899,023</u>
<b>7. TRADE PAYABLES</b>		
Book value		1,318,744
Overdue for more than 30 days		<u>(456,632)</u>
		<u>862,113</u>
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Overdue for more than 30 days		456,632
Other payables		<u>-</u>
		<u>456,632</u>

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*Arslan Razaque*  
 CHIEF EXECUTIVE OFFICER / SLOE DIRECTOR