Spectrum Securities (Private) Limited

Statement of Net Capital Balance
As at December 31, 2017

njmi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

807, 8TH FLOOR, Q.M. HOUSE, PLOT NO. 11/2,
ELLANDER ROAD, OPP. SHAHEEN COMPLEX,
OFF. I.I. CHUNDRIGAR ROAD, KARACHI - PAKISTAN.
Tel: +92(0)21-32212382, +92(0)21-32212383,
+92(0)21-32211515, +92(0)21-32211516
Email: khi@njmi.net

Independent Auditors Report on Statement of Net Capital Balance to the Chief Executive Officer of Spectrum Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of **Spectrum 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.

Basis of Accounting and Restriction on Distribution

The statement is prepared to assist the **Spectrum 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 **Spectrum Securities (Private) Limited**, SECP, PSX, and NCCPL and should not be distributed to parties other than **Spectrum 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.

4

Those charged with governance is 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international 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.

NASIR JAVAID MAQSOOD IMRAN
KARACHI
CHARTERED ACCOUNTANTS

Nasir Javaid Maqsood Imran

January 24, 2018
Karachi

Nasir Javaid Maqsood Imran
Chartered Accountants

Spectrum Securities (Private) Limited
Statement of Net Capital Balance
As at December 31, 2017

DESCRIPTION	VALUATION BASIS	Note	Sub Total	Total
			(Rupees)	
Current Assets				
Bank balances and cash deposit	As per book value	2		81,639,557
Trade Receivables	Book Value	3	15,160,950	
	Less: Overdue for more than fourteen days		3,372,089	
			11,788,861	
Receivables against margin financing			11,188,976	22,977,837
Investments in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	4	11,890,600	
			1,783,590	10,107,010
Securities purchased for clients	Securities purchased for the client and held by the broker where the payment has not been received within fourteen days	5		2,485,041
Listed TFCs / Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan.	Marked to Market less 10% discount			-
FIBs	Marked to Market less 5% discount			-
Treasury Bill	At market value			-
Any other current asset specified by the Commission	As per the valuation basis determined by the Commission			-
TOTAL ASSETS				117,209,445
Current Liabilities				
Trade payables	Book Value		23,068,342	
	Less: Overdue for more than 30 days	6	16,117,975	6,950,367
Other liabilities	As classified under the generally accepted accounting principles	7		18,982,375
				25,932,742
NET CAPITAL BALANCE				91,276,703

The annexed notes 1 to 7 form an integral part of the statement.

Chief Executive Officer / Director

NASIR JAVAID MAQSOOD IMRAN * CHARTERED ACCOUNTANTS *
Initialled for identification

Spectrum Securities (Private) Limited
Notes to the Statement of Net Capital Balance

1 STATEMENT OF COMPLIANCE

The statement of net capital balance of the Company ("the Statement") 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.

The statement is prepared specifically to meet the above mentioned requirements and for submission to the Pakistan Stock Exchange, National Clearing Company of Pakistan Limited and the Securities and Exchange Commission of Pakistan. As a result, the statement may not be suitable for another purpose.

2 BANK BALANCES AND CASH DEPOSITS

These are stated at book value.

	(Rupees)
Cash in hand	**235,618**
Bank balance pertaining to:	
Brokerage house	
MCB Bank Limited	3,515,120
JS Bank Limited	24,401,818
NIB Bank Limited	25,606
Dubai Islamic Bank Pakistan Limited	2,775
Habib Metropolitan Bank Limited	324
Askari Bank Limited	10,000
Meezan Bank Limited	1,005
	27,956,649
Clients	
MCB Bank Limited	61,288
JS Bank Limited	89,132
Askari Bank Limited	10,000
	160,420
Deposits against exposure	
Ready market	30,000,000
Future market exposure and loss	22,286,870
MTS exposure margin	1,000,000
	53,286,870
Total Cash and Bank Balances	**81,639,557**

3 TRADE RECEIVABLES

These are stated at book value and classified as balance generated within 14 days and outstanding for more than 14 days

4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These includes tradeable listed securities at market value less discount at 15%

Chief Executive Officer / Director

NASIR JAVAID MAQSOOD IMRAN
CHARTERED ACCOUNTANTS
Initialled for identification

Spectrum Securities (Private) Limited
Notes to the Statement of Net Capital Balance

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

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

The break up as per trial balance is as follows:

Trade payables over due more than thirty days	16,117,975
Dealer/agent payable	707,994
Accrued expenses	319,385
EOBI payable	910
Income tax payable	3,340
SST on brokerage services	224,955
DIB car loan payable	698,530
Air conditioner payable	73,984
CVT on purchases	1,472
Clearing house future	833,830
Total	**18,982,375**

Chief Executive Officer / Director

NASIR JAVAID MAQSOOD IMRAN CHARTERED ACCOUNTANTS
Initialled for identification