

**INDEPENDENT AUDITORS' REPORT ON STATEMENT OF NET CAPITAL BALANCE
TO THE CHIEF EXECUTIVE OFFICER OF IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**

Opinion

We have audited the Statement of Net Capital Balance of **Iqbal Usman Kodvavi Securities (Private) Limited** (the Securities Broker) and notes to the Statement of Net Capital Balance as at December 31, 2018 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at December 31, 2018 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

We draw attention to Note 1 to the statement, which describes the basis of accounting. 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 another 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 or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.



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Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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.

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.

A handwritten signature in black ink, appearing to be the initials "BM" followed by a stylized flourish.

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.



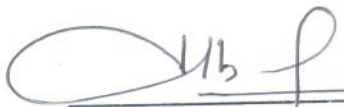
Engagement Partner: Mahmood A. Razzak

Karachi.

Date: 05 MAR 2019

SCHEDULE II REGULATION 6(3)
 COMPUTATION OF NET CAPITAL BALANCE
 IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED
 AS AT DECEMBER 31, 2018

	Note	RUPEES	RUPEES
CURRENT ASSETS			
1. CASH IN HAND AND BANK BALANCES			
1.1	Cash deposited as margins with Stock Exchanges and National Clearing Company of Pakistan Limited.	2	10,336,326
1.2	Clients' Bank Account Balance		
a)	Bank balance(s) pertaining to brokerage house	16,760,939	
b)	Bank balance(s) pertaining to clients	168,851,962	
c)	Total bank balances		185,612,901
1.3	Cash in hand		75,704
2. TRADE RECEIVABLES			
2.1	Aging and break up of Trade Receivables		
a)	Aging of trade receivables		
i)	Total receivables	7,662,372	
ii)	Outstanding for more than 14 days	(3,977,956)	
iii)	Balance generated within 14 days and/or not year due		3,684,416
3. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKERAGE HOUSE			
3.1	Securities on exposure list Less: 15% Discount	31,538,698 (4,730,805)	26,807,893
4. SECURITIES PURCHASED FOR CLIENT			
5. PIBS			
			3,565,733
TOTAL ASSETS			230,082,973
CURRENT LIABILITIES			
6. TRADE PAYABLES			
6.1	Trade payables within 30 days		64,046,039
7. OTHER PAYABLES			
7.1	Accrued and other liabilities	3	653,208
7.2	Trade payables more than 30 days	104,805,923	105,459,131
TOTAL LIABILITIES			169,505,170
NET CAPITAL BALANCE			60,577,803


 Chief Executive Officer


 Director



IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED
EXPLANATORY NOTES OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2018

1. BASIS OF PREPARATION

The Statement of Net Capital Balance (the Statement) of Iqbal Usman Kodvavi Securities (Private) Limited (the Company) has been prepared in conformity with the requirements of the Third Schedule read with rule 2(d) of the Securities and Exchange (SEC) Rules, 1971 and the Securities Brokers (Licensing And Operations) Regulations, 2016 (Regulations) Schedule II Reg 6(3) and the guidelines issued by Securities and Exchange Commission of Pakistan (SECP) from time to time.

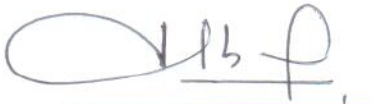
2. CASH DEPOSITED AS MARGINS WITH STOCK EXCHANGES AND NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

	<u>RUPEES</u>
Future Exposure Deposit	10,000,000
Future Held Profit	336,326
	<u>10,336,326</u>

3. ACCRUED AND OTHER LIABILITIES

Accrued expenses	183,824
Tax payables	114,736
CVT payables	2,614
Workers' welfare fund	79,110
Other liability	272,924
	<u>653,208</u>





Chief Executive Officer



Director