



BAKER TILLY
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**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 June 30, 2018 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 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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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.

M. J.



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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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Mehmood A. Razzak
Engagement Partner: Mehmood A. Razzak

Karachi.

Date: 13 SEP 2018

SCHEDULE II REGULATION 6(3)
 COMPUTATION OF NET CAPITAL BALANCE
 IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED
 AS AT JUNE 30, 2018

	Note	<u>RUPEES</u>	<u>RUPEES</u>
CURRENT ASSETS			
1. CASH IN HAND AND BANK BALANCES			
1.1			
1.1	2		10,688,785
1.2			
1.2		23,926,173	
a)		135,861,431	
b)			
c)			159,787,603
1.3			66,899
2. TRADE RECEIVABLES			
2.1			
2.1			
a)			
i)		3,045,511	
ii)		(2,272,554)	
iii)			772,957
3. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKERAGE HOUSE			
3.1			
3.1		38,858,579	
Less: 15% Discount		(5,828,787)	
			33,029,793
4.			2,018,656
5.			-
TOTAL ASSETS			206,364,693
CURRENT LIABILITIES			
6. TRADE PAYABLES			
6.1			96,778,076
7. OTHER PAYABLES			
7.1			
7.1	3	446,260	
7.2		39,083,354	
			39,529,615
TOTAL LIABILITIES			136,307,691
NET CAPITAL BALANCE			70,057,002


 Chief Executive Officer


 Director



IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED
EXPLANATORY NOTES OF NET CAPITAL BALANCE
AS AT JUNE 30, 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.

	<u>RUPEES</u>
2. CASH DEPOSITED AS MARGINS WITH STOCK EXCHANGES AND NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED	
Future Exposure Deposit	10,000,000
Future Held Profit	688,785
	<u>10,688,785</u>
3. ACCRUED AND OTHER LIABILITIES	
Accrued expenses	183,402
CDC payables	49,303
Tax payables	132,216
CVT payables	2,229
Workers' welfare fund	79,110
	<u>446,260</u>

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Chief Executive Officer



Director