

## INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Pearl Securities Limited

### Opinion

We have audited the Statement of Net Capital Balance of Pearl Securities Limited as at June 30, 2017 (together 'the statement').

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

### 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.

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## Muniff Ziauddin & Co.

Chartered Accountants

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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.

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.

Karachi: 14 SEP 2017


*Muniff Ziauddin & Co.*  
Chartered Accountants  
( Sohail Saleem )

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**PEARL SECURITIES LIMITED**  
**NET CAPITAL BALANCE AS AT 30 JUNE 2017**

(Excess of Current Assets over Current Liabilities as determined in accordance with the rule 2(D) of the 3rd Schedule of the Securities & Exchange Rules, 1971)

DESCRIPTION	VALUATION BASIS	Rupees VALUE
<b><u>Current Assets</u></b>		
Cash in hand	As per book value	1,717,684
Cash at bank	As per book value	
- In the name of broker		9,273,436
- In the name of client		170,444,513
		179,717,949
Trade Receivables	Book Value	1,673,691,337
	Less: Over due for more than 14 days	(909,579,516)
		764,111,821
Securities purchased for clients	Securities purchased for the clients and held by the member where the payment has not been received within 14 days	890,542,429
Deposits against exposure and losses with Karachi Stock Exchange	As per Book Value	20,948,382
Investment in listed Securities in the name of broker	Market-value	1,513,238,998
	Less: 15% discount	(226,985,850)
		1,286,253,148
Listed TFCs / Corporate Bonds (Not less than BBB grade)	Market-value	-
	Less: 10% discount	-
Federal investment bonds/ PIBs	Market-value	111,503,941
	Less: 5% discount	(5,575,197)
		105,928,744
Treasury Bills	At Market value	-
		3,249,220,157
<b><u>Current Liabilities</u></b>		
Trade payables	Book value	170,213,369
	Less: overdue for more than 30 days	(22,832,585)
		147,380,784
Other liabilities	As classified under the generally acceptable accounting principles	2,637,788,279
Trade payables	Overdue by 30 days	22,832,585
		2,808,001,648
		441,218,509
<b>Net Capital Balance as at June 30, 2017</b>		

  
**MUHAMMAD WASIM**  
Head of Operations



  
**M. AHSAN HASHMI**  
Chief Financial Officer