

**INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE**

*To the Chief Executive Officer of M/s. Nini Securities (SMC-Private) Limited*

**Opinion**

We have audited the Statement of Net Capital Balance of M/s. Nini Securities (SMC-Private) Limited and notes to the Statement of Net Capital Balance 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.

**Emphasis of Matter - Basis of Accounting and Restriction on Distribution**

We draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the M/s. Nini Securities (SMC-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 M/s. Nini Securities (SMC-Private) Limited., SECP, PSX and NCCPL and should not be distributed to parties other than M/s. Nini Securities (SMC-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.

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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Iqbal.



*Reanda Haroon Zakaria & Co*  
**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi

**Dated:** 08 SEP 2017

**NINI SECURITIES (SMC-PRIVATE) LIMITED**  
**CALCULATION OF NET CAPITAL BALANCE**  
**AS AT JUNE 30, 2017**

<b>Description</b>	<b>Note</b>	<b>Rupees</b>
<b><u>CURRENT ASSET</u></b>		
<b>Cash and bank balances</b>		
Cash in hand		-
Bank balance (s) pertaining to brokerage house		58,750,244
Bank balance (s) pertaining to clients	3	1,254,501
		60,004,745
		<u>60,004,745</u>
<b>Margin deposited with PSX</b>		
against exposure and Losses - ready market		25,000
<b>Investment in listed securities</b>		
Securities on the exposure list marked to market		-
Less: 15% discount		-
		-
<b>Trade Receivables</b>		
Book value		903,961
Less: over due for more than 14 days		(564,977)
Balance generated within 14 days and / not yet due	4	338,984
Securities purchased for the client and held by the member where payment has not been received in 14 days		358,035
<b>Total Current Assets</b>	<b>A</b>	<u><u>60,726,764</u></u>
<b><u>CURRENT LIABILITIES</u></b>		
<b>Trade Payable</b>		
Book values		1,254,501
Less: over due for more than 30 days	5	(312,190)
		942,311
Other liabilities	5	2,499,364
<b>Total Current Liabilities</b>	<b>B</b>	<u><u>3,441,675</u></u>
<b>NET CAPITAL BALANCE</b>	<b>A minus B</b>	<u><u>57,285,089</u></u>

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*Chief Executive Officer*





**NINI SECURITIES (SMC-PRIVATE) LIMITED**  
**NET CAPITAL BALANCE (NCB)**  
**AS AT JUNE 30, 2017**  
**EXPLANATORY NOTES TO THE NCB**

**1 STATEMENT OF COMPLIANCE**

The statement of net capital balance is prepared to meet the specific requirements of Securities and Exchange Commission of Pakistan (SECP) in accordance with 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 and the clarifications issued by the SECP vide its letter dated September 08, 2016.

**2 BASIS OF ACCOUNTING**

This net capital balance have been prepared under the historical cost convention. Further, accrual basis of accounting is followed.

**3 BANK BALANCE(S) PERTAINING TO CLIENTS**

	<i>Note</i>	<i>Rupees</i>
Bank balance - client account		1,379,896
Less: bank balance in excess of trade liabilities	3.1	<u>(125,395)</u>
<b>Clients' bank balance considered for NCB purpose</b>		<u><u>1,254,501</u></u>

3.1 The brokerage house has Rs. 125,371 in its bank account for client's balance in excess of its trade liabilities as on the NCB date. Therefore the excess amount has not been considered for NCB calculation.

**4 TRADE RECEIVABLES**

		<i>Rupees</i>
Book value		<u><u>903,961</u></u>
Over due for more than 14 days	A	<u><u>564,977</u></u>
Securities available for over due for more than 14 days	B	<u><u>358,035</u></u>
Securities purchased for the client and held by the member where payment has not been received in 14 days (lower of A and B considered for each individual client)		<u><u>358,035</u></u>



*Rupees*

**5 OTHER LIABILITIES**

Trade liabilities overdue for more than 30 days	312,190
Accrued liabilities	137,670
Federal excise duty	46,949
Other payables	2,555
Short term borrowing	2,000,000
	<u>2,499,364</u>

**6 DATE OF ISSUANCE**

This statement was authorized for issue on 13 SEP 2017



  
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*Chief Executive Officer*