

**INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE****To the Chief Executive Officer of Fairtrade Capital Securities (Private) Limited****Opinion**

We have audited the Statement of Net Capital Balance of **Fairtrade Capital Securities (Private) Limited** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at June 30, 2017 (hereinafter collectively referred to as "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**

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 any other 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, 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 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.

**A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING FIRMS**

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Those charged with governance are 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.

**IECnet S.K.S.S.S,  
Chartered Accountants**

Engagement partner: **Mr. Muhammad Aslam Khan.**

Lahore.

Date: September 15, 2017

**FAIRTRADE CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF NET CAPITAL BALANCE**  
**AS AT JUNE 30, 2017**

(In accordance with Regulation 6(4) of the Securities Brokers' (Licensing & Operations) Regulations, 2016)

	RUPEES	RUPEES
<b>Current Assets</b>		
Cash in Hand		34,514,886
Bank balances		
Bank balances pertaining to brokerage house	12,190,931	
Bank balances pertaining to clients	9,708,010	21,898,941
Trade receivables		
Book value	14,782,838	
Less: Overdue for more than 14 days	996,134	13,786,703
Securities purchased for clients		761,325
Investment in listed securities in the name of broker		
Securities on the exposure list	7,867,036	
Less: 15% adjustment (as required)	1,180,055	6,686,980
		<b>A</b> 77,648,836
<b>Current Liabilities</b>		
Trade Payables		
Book Value	37,871,993	
Less: Overdue for more than 30 days	7,608,224	30,263,768
Other liabilities		
Accrued expenses and other liabilities		10,990,185
		<b>B</b> 41,253,954
<b>NET CAPITAL BALANCE</b>		<b>36,394,882</b>

Date: JUNE 30, 2017

  
 Chief Executive Officer

  


  
 Broker  
 Registration  
 Code  
 BRP-027  
 PSX

**FAIRTRADE CAPITAL SECURITIES LIMITED**  
**NOTES TO THE STATEMENT OF NET CAPITAL BALANCE**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

**RUPEES**

**1. CASH IN HAND**

Exposure Deposit	34,507,000
Cash in Hand	7,886
	<u>34,514,886</u>

**2. BANK BALANCES**

Pertaining to brokerage house	12,190,931
Pertaining to clients	9,708,010
	<u>21,898,941</u>

**3. TRADE RECEIVABLES**

Book value	14,782,838
Overdue for more than 14 days	(996,134)
	<u>13,786,703</u>

**4. SECURITIES PURCHASED FOR CLIENTS**

Securities purchased for client	<u>761,325</u>
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**5. INVESTMENT IN LISTED SECURITIES**

Securities on the exposure list	7,867,036
15% adjustment (as required)	(1,180,055)
	<u>6,686,980</u>

**6. TRADE PAYABLES**

Book value	37,871,993
Overdue for more than 30 days	(7,608,224)
	<u>30,263,768</u>

**7. ACCRUED EXPENSES AND OTHER LIABILITIES**

Trade payables overdue for more than 30 days	7,608,224
Provisions and accruals	3,381,961
	<u>10,990,185</u>

  
 Chief Executive Officer

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