



## 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, 2018 (hereinafter collectively referred to as "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

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.

Those charged with governance are responsible for overseeing the Securities Broker's financial reporting process.

A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING FIRMS





### **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 17, 2018



**Fair Trade Capital Securities Private Limited**  
**CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED**  
**STATEMENT OF NET CAPITAL BALANCE**  
(In accordance with Regulation 6(4) of the Securities Brokers' (Licensing & Operations) Regulations, 2016)  
**AS AT JUNE 30, 2018**

<b>A. Description of Current Assets</b>	<b>Basis of Accounting</b>	<b>Notes</b>	<b>Amount (Rupees)</b>
<b>1 Cash in hand &amp; Cash in bank</b>	As per book value.	2	
Cash in hand			9,469
Cash at bank-House Account			220,966
Cash at bank-Client Account			2,150,165
			<b>2,380,600</b>
<b>2 Margin deposits</b>			<b>15,022,000</b>
<b>3 Trade receivables</b>	Book value less those overdue for more than 14 days.		21,517,532
Less: Outstanding for more than 14 days			932,069
			<b>20,585,462</b>
<b>4 Investment in listed securities in the name of company</b>	Securities on the Exposure List to Market less 15 % discount.	3	<b>5,440,610</b>
<b>5 Securities purchased for client</b>			349,605
			<b>43,778,277</b>
<b>B. Description of Current Liabilities</b>			
<b>1 Trade payables</b>	Book value less those overdue for more than 30 days.		22,643,979
Less: Overdue more than 30 days			8,538,145
			<b>14,105,834</b>
<b>2 Other liabilities</b>	As classified under Generally Accepted Accounting Principles.	4	<b>11,773,715</b>
			<b>25,879,549</b>
<b>NET CAPITAL BALANCE</b>			<b>17,898,728</b>



  
**Chief Executive**



**Fair Trade Capital Securities Private Limited**  
**MEMBER PAKISTAN STOCK EXCHANGE LIMITED**  
**EXPLANATORY NOTES TO THE NET CAPITAL BALANCE AS AT JUNE 30, 2018**

**1 BASIS OF ACCOUNTING**

This statement of Net Capital Balance has been prepared in accordance with the requirements of the Third Schedule read with rule 2 (d) of the Securities and Exchange Commission (SEC) Rules 1971 and clause 6 (4) of the Securities Brokers ( Licensing and Operations) regulations 2016 (Regulations) and the Clarifications / Guidelines in respect of the Third Schedule of the Securities and Exchange Commission (SEC) Rules 1971 issued by the Securities and Exchange Commission of Pakistan.

**2 CASH IN HAND AND AT BANK**

Cash in hand  
 Bank balance(s) pertaining to Brokerage House  
 Bank balance(s) pertaining to Clients

**TOTAL  
(Rupees)**

9,469
220,966
2,150,165
<b>2,380,600</b>

**3 Investment in Listed Securities in the name of Company**

Investment in Listed Securities in the name of Company		Holding as per CDC	Market Value as at June 30, 2018.	TOTAL
Security Symbol	Security Name	Position Owned	Rupees	Rupees
BEEM	BEEMA-PAKISTAN COMPANY LIMITED - FREEZE	55,000	-	-
GENP	GENERTECH PAKISTAN LIMITED - FREEZE	20,500	-	-
HSM	HUSEIN SUGAR MILLS LIMITED	352	22.59	7,952
JOVC	JAVED OMER VOHRA & COMPANY LIMITED - FREEZE	50	-	-
LIBM	LIBERTY MILLS LIMITED	18	-	-
MACFL	MACPAC FILMS LIMITED	375	29.56	11,085
MCBPSM	MCB PAKISTAN STOCK MARKET FUND	15	-	-
MLCF	MAPEL LEAF CEMENT FACTORY LIMITED	275	50.74	13,954
NRSL	NIMIR RESINS LIMITED	86	10.10	869
PIM	POPULAR ISLAMIC MODARABA	2,000	4.65	9,300
PRIC	PROGRESSIVE INSURANCE COMPANY LIMITED - FREEZE	1,500	-	-
PSX	PAKISTAN STOCK EXCHANGE	321,759	19.75	6,354,741
ZELP	ZEAL PAK CEMENT FACTORY LIMITED - FREEZE	60,000	-	-
RICL	RELIANCE INSURANCE COMPANY LIMITED	375	7.51	2,817

**Total Value**

Less: 15 % Discount

**6,400,718**

(960,108)

**5,440,610**

**4 OTHER LIABILITIES**

Trade payable overdue more than 30 days  
 Accrued and other liabilities

8,538,145

3,235,570

**11,773,715**



  
 Chief Executive