



# Grant Thornton

An instinct for growth™

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TAURUS SECURITIES LIMITED ON THE STATEMENT OF NET CAPITAL BALANCE AS AT JUNE 30, 2017

### GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
www.gtpak.com

### Opinion

We have audited the annexed Statement of Net Capital Balance of Taurus Securities Limited (the Securities Broker) 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 read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities and Exchange Commission of Pakistan and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

### 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.

## **Responsibilities of Management and Those Charged with Governance for the statement**

Management is responsible for the preparation of the statement in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities and Exchange Commission of Pakistan and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016, 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 Muhammad Shaukat Naseeb.

September 13, 2017  
Karachi

  
**Grant Thornton Anjum Rahman**  
Chartered Accountants

**Taurus Securities Limited**  
**Statement of Net Capital Balance**

Annexure "A"

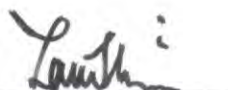
As at June 30, 2017

Excess of Current Assets over Current Liabilities determined in accordance with the requirement of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities and Exchange Commission of Pakistan.

The above requirements have been clarified by the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

DESCRIPTION	VALUATION BASIS	Note	Sub Total ----- (Rupees) -----	Total
<b><u>CURRENT ASSETS</u></b>				
Cash in hand and bank balances	As per book value	2		183,121,217
Cash deposited as margin with National Clearing Company of Pakistan				193,000,000
Trade receivables	As per book value Less: Overdue for more than 14 days	3	105,507,748 (12,872,796)	92,634,951
Investment in listed securities in the name of broker, measured at fair value	As per book value Less: Securities not in exposure list  Less: 15% discount	4	163,552,402 - 163,552,402 (24,532,860)	139,019,542
Securities purchased for client	Value of shares appearing in clients respective sub account to the extent of overdue balance for more than 14 days or value of securities, whichever is less			-
<b>Total Current Assets</b>				<b>607,775,710</b>
<b><u>CURRENT LIABILITIES</u></b>				
Trade payables	As per book value Less: Overdue for more than 30 days	5	239,678,483 (87,238,523)	152,439,960
Other liabilities	As per book value	6		246,395,070
<b>Total Current Liabilities</b>				<b>398,835,030</b>
<b>Net Capital Balance as at June 30, 2017</b>				<b>208,940,680</b>

The annexed notes 1 to 7 form an integral part of the statement.

  
 Chief Executive Officer

  
 Chief Financial Officer

**Taurus Securities Limited**  
**Notes to the Statement of Net Capital Balance**  
*As at June 30, 2017*

**1. STATEMENT OF COMPLIANCE**

The statement of net capital balance ("the Statement") has been prepared in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities and Exchange Commission of Pakistan.

The above requirements have been clarified by the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

The statement is prepared specifically to meet the above mentioned requirements and for submission to the Pakistan Stock Exchange, National Clearing Company of Pakistan Limited or the Securities and Exchange Commission of Pakistan. As a result, the statement may not be suitable for another purpose.

<b>2.</b>	<b>CASH IN HAND AND BANK BALANCES</b>	<b>Jun- 30, 2017</b>
		<b>(Rupees)</b>
	These are stated at book value.	
	Cash in hand	46,533
	Bank balance pertaining to:	
	- Brokerage house	17,025,871
	- Clients (also refer to note 2.1)	166,048,813
		<u>183,121,217</u>

**2.1 Reconciliation of the bank balances (client account) with the creditor balances is as under:**

		<b>Jun- 30, 2017</b>
		<b>(Rupees)</b>
	Amounts identified as at balance sheet date	
	- Due to clients against trading of securities	179,329,723
	- Due to associated companies / persons against trading of securities	61,351
	Add: Amounts identified subsequent to the balance sheet date	
	- Unidentified deposits by client	6,364,486
	- Undistributed markup residing in bank balance (client account)	238,922
		6,603,408
	Less: Effect of trades which are pending for settlement	(19,945,669)
		<u>166,048,813</u>

*21/07*

### 3. TRADE RECEIVABLES

These are valued on trade date basis at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

	Jun- 30, 2017 ------(Rupees)-----		
	Gross Amount	Provision for doubtful debts	Net Amount
Total Trade receivable	108,785,955	(3,278,207)	105,507,748
Less: Outstanding for more than 14 days	(16,151,003)	3,278,207	(12,872,796)
Balance generated within 14 days -and/or not yet due	<u>92,634,951</u>	<u>-</u>	<u>92,634,951</u>

### 4. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

This includes investment in which following shares are pledged with National Clearing Company of Pakistan Limited against margin requirement for ready and future market exposures. Listed securities which are not on the default counter of the stock exchange are valued at market rates prevailing as on June- 30, 2017 less 15% discount as prescribed in Rule 2 (d) of the Third Schedule to the Securities and Exchange Rules, 1971.

<u>Shares</u>	<u>Pledged Qty</u>
TRG	3,094,000

### 5. TRADE PAYABLES

This represents balance payable on trade date basis against trading of shares less trade payable balances overdue for more than 30 days which have been included in other liabilities.

	Jun- 30, 2017 (Rupees)
Amounts identified as at balance sheet date	
- Due to clients against trading of securities	179,329,723
- Due to associated companies / persons against trading of securities	61,351
	179,391,074
Add: Deposits by client identified subsequent to the balance sheet date	6,364,486
Book value of trade payables	185,755,559
Payable to NCCPL against T2 settlement	53,922,924
Trade Payables	239,678,483
- Less: Overdue for more than 30 days	(87,238,523)
	<u>152,439,960</u>

#### 5.1 Reconciliation of trade payables to bank balances (client account)

Book value of trade payables - under trade date basis	185,755,559
Add: Undistributed markup residing in bank balance (client account)	238,922
- Less: Effect of trades which are pending for settlement	(19,945,669)
Bank balances (client account)	<u>166,048,813</u>

6. OTHER LIABILITIES

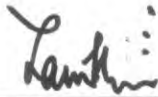
These represents current liabilities, other than trade payable which are due with in 30 days. Other liabilities are stated at book value. The breakup is as follows:

	<b>Jun- 30, 2017</b> <b>(Rupees)</b>
- Accrued expenses	8,640,732
- Payable to gratuity scheme	548,707
- Short term running finance	149,967,108
- Trade payables overdue for more than 30 days	87,238,523
	<u>246,395,070</u>

7. DATE OF ISSUANCE

This statement was authorised for issue on September 13, 2017

55.02



Chief Executive Officer



Chief Financial Officer