

INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of **Oriental Securities (Private) Limited**

Opinion

We have audited the statement of Net Capital Balance of **Oriental Securities (Private) Limited** and notes to the Statement of Net Capital Balance as at December 31, 2017 (together 'the statement'). We report the:

While preparing statement of Net capital balance the amount of Rs. 4,488,268 retained by Pakistan Stock Exchange had been included in net capital that is not in accordance with the requirement of second Schedule of the Securities Broker Licensing Regulation 2016 Had the amount is not included the Net Capital balance would have been reduced by Rs. 4,488,268.

In our opinion except for the non-compliance given in the above paragraph the financial information in the statement of Net Capital balance of the Securities Broker as at December 31, 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).

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 **Oriental Securities (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 **Oriental Securities (Private) Limited**, SECP, PSX and NCCPL and should not be distributed to parties other than **Oriental Securities (Private) Limited**, or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter except for the matter stated above.

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 SECP 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 finding, 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 **Imran Iqbal**

Karachi

Dated: January 31, 2018


Chartered Accountant

Oriental Securities (Pvt.) Limited
Net Capital Balance As At 31 DECEMBER , 2017

DESCRIPTION	VALUATION BASIS	Rupees VALUE
<u>CURRENT ASSETS</u>		
Cash in hand	As per book value	962,823
Cash at bank	Bank balances pertaining to brokerage house Bank balances pertaining to client Total bank balances	47,320,490 20,245,237 67,565,727
Deposits against exposure and losses with Pakistan Stock Exchange	As per book value	20,839,139 20,839,139
Trade Receivable	Book Value Less: overdue for more than 14 days Book Value less Overdue for more than 14 days	2,878,864 (1,691,665) 1,187,199
Investment in Listed Securities in the name of broker	Market value Less: 15% discount	13,278,033 (1,991,706) 11,286,327
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	1,620,020
Listed Term Finance Certificates/Corporate Bonds (Not less than BBB grade)	Market value Less: 10% discount	- - -
Federal Investment Bonds	Market value Less: 15% discount	- - -
Treasury bills	Market value	-
		14,093,546
		103,461,235
<u>CURRENT LIABILITIES</u>		
Trade Payable	Book value Less: Overdue for more than 30 days	20,225,463 (11,667,622) 8,557,841
Other liabilities	Overdue for more than 30 days	11,667,622
	As classified under the generally accepted accounting principles.	364,544 12,032,166
Net Capital Balance As At 31 December 2017		82,871,228

CHIEF EXECUTIVE

DIRECTOR



Notes To The Net Capital Balance Certificate
Oriental Securities (Pvt.) Limited
As On December 31, 2017

1 STATEMENT OF COMPLIANCE

The statement of net capital balance of the Company ('the Statement') of Oriental Securities (Pvt.) Limited ('the Company') has been prepared in accordance with the Rule 6(5) of, and Second Schedule to the Securities Broker Licensing Regulation, 2016 and in accordance with the clarifications / guidelines issued by Securities and Exchange Commission of Pakistan (SECP). All figures have been obtained from the unaudited financial statements of the Company for the period ended **December 31, 2017**.

2 BANK BALANCES AND CASH DEPOSITS

Cash in Hand	962,823
Bank Balances pertaining to house	47,320,490
Bank Balances pertaining to client	20,245,237
	68,528,550
Deposit at KSE	20,839,139
	89,367,689

3 TRADE RECEIVABLES

These are valued at cost less bad and doubtful debts (if any) and debt long outstanding for more than 14 days.

Book Value	2,878,864
Over Due for more than 14 Days	(1,691,665)
	1,187,199
	1,620,020

4 SECURITIES PURCHASED FOR CLIENTS

These amount represent to the lower of value of securities appearing in the clients respective sub account to the extent of over due balance for more than 14 days or value of investments.

5 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These includes Investments in following listed equity Securities valued at market rates prevailing as on December 31, 2017 less discount as prescribed in Rule 2 (d) of the Third (Schedule to the Securities and Exchange Rules, 1971.

	13,278,033
Less 15% Marked to Market	(1,991,705)
	11,286,328

6 TRADE PAYABLES

This represent balance payable against trading of shares less trade payable balances overdue for more that 30 days which has been included in other liabilities.

Book Value	20,225,463.00
Less Over Due more than 30 days	(11,667,622)
	8,557,841

7 OTHER LIABILITIES

These represents current liabilities, other than trade payable which are due within 30 days Other liabilities are stated at book value.

Over Due More than 30 Days	11,667,622
Accrued and other liabilities	11,160
Other Payable	353,384
	12,032,166

DATE OF ISSUANCE

This statement is being issued on 10 January 2018.

Bahar Ali Khan
CHIEF EXECUTIVE



Arad Mubashir
DIRECTOR