

Spectrum Securities (Private) Limited

Statement of Net Capital Balance

As at December 31, 2016



The Board of Directors
Spectrum Securities (Private) Limited
Karachi

We have audited the accompanying Statement of Net Capital Balance of **Spectrum Securities (Private) Limited**, as at **December 31, 2016**. The statement has been prepared by management based on the requirements of 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 (Regulations).

Management's Responsibility for the Statement

Management is responsible for the preparation of the statement in accordance with SEC Rules 1971 and Regulations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial information in the statement of Net Capital Balance **Spectrum Securities (Private) Limited** as at **December 31, 2016** is prepared, in all material respects, in accordance with SEC Rules 1971 and Regulations.

Basis of Accounting and Restriction on Distribution

The statement is prepared to assist **Spectrum Securities (Private) Limited** to meet the requirements of SECP in accordance with the SEC Rules 1971 and Regulations. As a result, the statement may not be suitable for another purpose. Our report is intended solely for **Spectrum Securities (Private) Limited** and SECP and should not be distributed to parties other than **Spectrum Securities (Private) Limited** or SECP.



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Wednesday, February 1, 2017

Spectrum Securities (Private) Limited
Statement of Net Capital Balance
As at December 31, 2016

CURRENT ASSETS	Rupees	Rupees
1 Cash and Bank Balances		
Cash in hand	219,682	
Bank balance pertaining to brokerage house	27,213,663	
Bank balance pertaining to clients	715,055	
Cash deposited as margin	<u>37,306,395</u>	65,454,796
2 Trade Receivable		
From clients	10,288,379	
Less: Overdue for more than 14 days	<u>1,024,988</u>	
	9,263,390	
From National Clearing Company of Pakistan Limited	<u>5,116,800</u>	14,380,190
3 Investment in Listed Securities in the Name of Broker		
Market value	1,335,810	
Less: 15% discount	<u>200,372</u>	1,135,439
4 Securities Purchase For Clients	<u>725,060</u>	725,060
		<u>81,695,484</u>
CURRENT LIABILITIES		
5 Trade Payable		
Book value	33,440,146	
Less: Overdue for more than 30 days	<u>864,284</u>	32,575,862
6 Other Liabilities		
Trade payable over due for more than 30 days	864,284	
Other liabilities	<u>5,999,574</u>	6,863,858
		<u>39,439,721</u>
Net Capital		<u>42,255,764</u>


 CHIEF EXECUTIVE OFFICER

Spectrum Securities (Private) Limited
Notes to the Statement of Net Capital Balance

STATEMENT OF COMPLIANCE

The statement of net capital balance of the Company ("the Statement") of **Spectrum Securities (Private) Limited** ("the Company") has been prepared in accordance with the Rule 2(d) 01 and Third Schedule to the Securities and Exchange Rules, 1971 and in accordance with the clarifications / guidelines issued by Securities and Exchange Commission of Pakistan (SECP).

		(Rupees)
1	<u>CASH AND BANK BALANCES</u>	
	These are stated at book value.	
	Cash in hand	219,682
	Bank balance pertaining to:	
	<i>Brokerage house</i>	
	MCB Bank Limited	985,113
	Habib Metropolitan Bank Limited	324
	JS bank Limited	26,190,539
	NIB Bank Limited	25,606
	Askari Bank Limited	9,300
	Dubai Islamic Bank Limited	2,275
	Meezan bank Limited	505
		27,213,663
	<i>Clients</i>	
	MCB Bank Limited	15,270
	JS Bank Limited	690,485
	Askari Bank Limited	9,300
		715,055
	Deposits against exposure	
	MTS exposure margin	4,707,005
	Ready Market Exposure	14,500,000
	Future Market Exposure & Loss	18,099,390
		37,306,395
	Total Cash and Bank Balances	65,454,796
2	<u>TRADE RECEIVABLES</u>	
	These are stated at book value and classified as balance generated within 14 days and outstanding for more than 14 days	
3	<u>INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER</u>	
	These includes tradeable listed securities at market value less discount at 15%	

Spectrum Securities (Private) Limited
Notes to the Statement of Net Capital Balance

4 SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments

5 TRADE PAYABLES

These represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities

6 OTHER LIABILITIES

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

The break up as per trial balance is as follows:

Dealer/agent payable	931,743
EOBI payable	1,820
NCSS charges	124,138
CDC charges payable	579,907
Income tax payable on salary	70,160
Income tax payable on commission	7,650
DIB car loan payable	1,219,228
Loan from director	2,500,000
Air conditioner payable	73,984
SST on brokerage services	486,867
CVT on purchases	4,077
Total	<u>5,999,574</u>



CHIEF EXECUTIVE OFFICER

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