



# Grant Thornton

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BAS/C318/17/0314

March 14, 2017

**The Chief Executive Officer**  
Taurus Securities Limited  
6<sup>th</sup> floor, Progressive Plaza  
Beaumont Road  
Karachi

Gentleman

**GRANT THORNTON ANJUM RAHMAN**

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## STATEMENT OF NET CAPITAL BALANCE AT DECEMBER 31, 2016

We are pleased to enclose the draft statement of Net Capital Balance as at December 31, 2016, prepared by the management together with our draft report to the Board of Directors on audit of the statement of Net Capital Balance. The Statement has been initialed by us for the purpose of identification only. We shall be pleased to issue the final report after the enclosed statement has been signed by the Chief Executive Officer and Chief Financial Officer. Also is enclosed our invoice for professional services for your settlement.

We wish to place on record our appreciation for the courtesy and cooperation extended to us by the Management and the staff of the Company during the course of the assignment.

Yours truly

**INDEPENDENT AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF  
TAURUS SECURITIES LIMITED  
ON THE STATEMENT OF  
NET CAPITAL BALANCE  
AS AT DECEMBER 31, 2016**

**GRANT THORNTON ANJUM RAHMAN**

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We have audited the accompanying Statement of Net Capital Balance of Taurus Securities Limited (the Company) as at December 31, 2016 ("the statement", attached as Annexure 'A' to this report) and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

**Management's responsibility for the Statement**

Management is responsible for the preparation of the statement in accordance with the requirements as contained in the third schedule of the Securities and Exchange Rules 1971, the schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016 (hereinafter, collectively referred to as 'the Requirements'), 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.

## **Opinion**

In our opinion, the financial information in the Company's statement of Net Capital Balance as at December 31, 2016 is prepared, in all material respects, in accordance with the Requirements.

## **Basis of Accounting and Restriction on Distribution**

Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the statement of compliance. The statement is prepared to assist the Company to meet the Requirements; as a result, the statement may not be suitable for another purpose. Our report is intended solely for the Company, Pakistan Stock Exchange Limited, National Clearing Company of Pakistan Limited and/or Securities and Exchange Commission of Pakistan, and should not be distributed to other parties.

March 14, 2017  
Karachi

  
**Grant Thornton Anjum Rahman**  
Chartered Accountants

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

Annexure "A"

As at December 31, 2016

(Excess of Current Assets over Current Liabilities determined in accordance with the third schedule of the Securities and Exchange Rules 1971, the schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP).

<b>DESCRIPTION</b>	<b>VALUATION BASIS</b>	<i>Note</i>	<b>Sub Total</b> ----- (Rupees) -----	<b>Total</b>
<b><u>CURRENT ASSETS</u></b>				
Cash in hand and bank balances	As per book value	2		357,117,372
Cash deposited as margin with National Clearing Company of Pakistan				175,000,000
Trade receivables	As per book value Less: Overdue for more than 14 days	3	417,958,711 (14,305,118)	403,653,593
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	148,576,816 - 148,576,816 (22,286,522)	126,290,294
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			3,580,141
<b>Total Current Assets</b>				<b>1,065,641,400</b>
<b><u>CURRENT LIABILITIES</u></b>				
Trade payables	As per book value Less: Overdue for more than 30 days	5	621,048,478 (150,969,650)	470,078,828
Other liabilities	As per book value	6		406,105,484
<b>Total Current Liabilities</b>				<b>876,184,312</b>
<b>Net Capital Balance as at December 31, 2016</b>				<b>189,457,088</b>

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

  
 Chief Executive Officer

  
 Chief Financial Officer

**Taurus Securities Limited**  
**Notes to the Statement of Net Capital Balance**  
As at December 31, 2016

**1. STATEMENT OF COMPLIANCE**

The statement of net capital balance ("the Statement") has been prepared in accordance with requirements as contained in the third schedule of the Securities and Exchange Rules 1971, the schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016. The figures have been obtained from the audited financial statements of the Company for the year ended December 31, 2016, where applicable.

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.

**2. CASH IN HAND AND BANK BALANCES**

**December 31, 2016**  
**(Rupees)**

These are stated at book value.

Cash in hand	16,978
Bank balance pertaining to:	
- Brokerage house	99,091,778
- Clients (also refer note 2.1)	258,008,616
	<u><u>357,117,372</u></u>

**2.1 Trade payables balance for the purpose of Net Capital Balance in accordance with the clarification / guidelines issued by SECP as follows:**

Amounts identified as at balance sheet date

- Due to clients against trading of securities	618,665,305
- Due to associated companies / persons against trading of securities	106,924

Add: Amounts identified subsequent to the balance sheet date

- Unidentified deposits by client	2,277,867
- Less: Other charges attributable to client	(1,618)
	2,276,249

Less: Accrual of trade payable for T+2 transactions	(363,039,862)
	<u><u>258,008,616</u></u>

**3. TRADE RECEIVABLES**

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

Total trade receivable	417,958,711
Less: Outstanding for more than 14 days - net of bad and doubtful debts	(14,305,118)
Balance generated within 14 days and/or not yet due	<u><u>403,653,593</u></u>

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**Taurus Securities Limited**  
**Notes to the Statement of Net Capital Balance**  
 As at December 31, 2016

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

This includes investment in which following shares are pledged with Pakistan Stock Exchange Limited against margin requirement for ready market exposures. Listed securities which are not on the default counter of the stock exchange are valued at market rates prevailing as on December 31, 2016 less 15% discount as prescribed in Rule 2 (d) of the Third Schedule to the Securities and Exchange Rules, 1971. None of the following securities are on default counter.

Shares	Pledged Qty
ENGRO	117,000
FCCL	62,000
PAEL	185,000
PSO	3,000
TRG	2,779,000

**5. TRADE PAYABLES**

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

	December 31, 2016 (Rupees)
Amounts identified as at balance sheet date	
- Due to clients against trading of securities	618,665,305
- Due to associated companies / persons against trading of securities	106,924
Add: Amounts identified subsequent to the balance sheet date	
- Unidentified deposits by client	2,277,867
- Less: Other charges attributable to client	(1,618)
	<u>2,276,249</u>
	621,048,478
- Less: Overdue for more than 30 days	<u>(150,969,650)</u>
	<u><u>470,078,828</u></u>

**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 is as follows:

Accrued expenses	13,661,180
Payable to gratuity scheme	1,097,419
Current portion of liabilities against assets subject to finance lease	393,591
Short term running finance	239,983,644
Trade payables overdue for more than 30 days	150,969,650
	<u><u>406,105,484</u></u>

**7. DATE OF ISSUANCE**

This statement was authorised for issue on 19<sup>th</sup> 4 MAR 2017

  
 Chief Executive Officer

  
 Chief Financial Officer