



## INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE TO THE CHIEF EXECUTIVE OFFICER OF 128 SECURITIES (PVT.) LIMITED

### Opinion

We have audited the Statement of Net Capital Balance of **128 Securities (Pvt.) Limited** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at December 31, 2018 (hereinafter collectively referred to as "the statement").

In our opinion, except for the impact (if any) of the matter noted in the *Emphasis of Matter* section of our report, the financial information in the statement of the Securities Broker as at December 31, 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

- **Clearing Process**

Management represents that while separate accounts for ready transactions, odd lot transactions and deliverable future transactions are being maintained in the Broker's back office, bank settlement with NCCPL for all types of transactions are being posted through a single back office account. As a result, while the net receivable / payable position of the Securities Broker with NCCPL is, in all material respects, consistent with supporting documentation, we were unable to verify the accuracy of the gross positions (by transaction type) included / disclosed in the statement.

- **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.

### **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: March 14, 2019



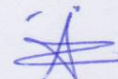
128 SECURITIES (PVT) LIMITED  
CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED  
STATEMENT OF NET CAPITAL BALANCE  
(In accordance with Regulation 6(3)(4) of the Securities Brokers' (Licensing & Operations) Regulations, 2016)  
AS AT DECEMBER 31, 2018

A Description of Current Assets	Basis of Accounting	Notes	Amount (Rupees)
<b>1 Cash in hand &amp; Cash at bank</b>	As per book value.	2	
Cash in hand			-
Cash at bank - House account			2,599,509
Cash at bank - Client account			16,535,230
			<b>19,134,740</b>
<b>2 Margin Deposits</b>			<b>2,400,000</b>
<b>3 Trade receivables</b>	Book value less those over due for more than 14 days.		9,352,961
Less: Outstanding for more than 14 days			(3,108,505)
			<b>6,244,455</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 Securities purchased for client</b>			<b>1,063,973</b>
			<b>28,843,168</b>
<b>B Description of Current Liabilities</b>			
<b>1 Trade Payables</b>	Book value less those overdue for more than 30 days.		16,797,606
Less: Overdue more than 30 days			14,876,653
			<b>1,920,953</b>
<b>2 Other liabilities</b>	As classified under the Generally Accepted Accounting Principles.	4	<b>20,972,050</b>
			<b>22,893,003</b>
<b>NET CAPITAL BALANCE</b>			<b>5,950,165</b>

Chief Executive



Director



128 SECURITIES (PVT) LIMITED  
 CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED  
 EXPLANATORY NOTES TO THE NET CAPITAL BALANCE

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, clauses 6(3) and 6(4) of the Securities Brokers (Licensing and Operations) Regulations 2016, and related clarifications / guidelines issued by the Securities and Exchange Commission of Pakistan.

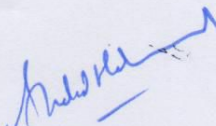
2 CASH IN HAND AND AT BANK

	TOTAL (Rupees)
Cash in hand	-
Bank balance(s) pertaining to Brokerage House	2,599,509
Bank balance(s) pertaining to Clients	16,535,230
	19,134,740


Investment in Listed Securities in the name of Company		Holding as per CDC	Market Value as at December 31, 2018	TOTAL
Security Symbol	Security Name	Position Owned	Rupees	Rupees
LSEFSL	LSE FINANCIAL SERVICES LIMITED-FREEZE	337,590	-	-
<b>Total Value</b>			-	-
Less: 15 % Discount			-	-
			-	-

4 OTHER LIABILITIES

Trade payable overdue more than 30 days	14,876,653
Provision for taxation	720,704
Accrued and other liabilities	5,374,693
	20,972,050

  
 Chief Executive



  
 Director