

Net Capital Balance

Taurus Securities Limited

As at June 30, 2020



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TAURUS SECURITIES LIMITED ON THE STATEMENT OF NET CAPITAL BALANCE AS AT JUNE 30, 2020

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Opinion

We have audited the 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, 2020 (together 'the Statement').

In our opinion, the financial information in the Statement of the Securities Broker as at June 30, 2020 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 - Basis of Accounting and Restriction on Distribution

We draw attention to Notes 1 and 2 to the Statement, which describe the statement of compliance and 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 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 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 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 & 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 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.

The engagement partner on the audit resulting in this independent auditor's report is
Muhammad Shaukat Naseeb.


Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: **15 SEP 2020**

Taurus Securities Limited
Statement of Net Capital Balance
As at June 30, 2020

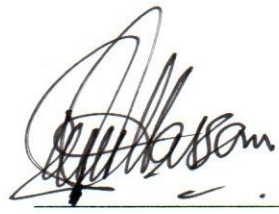
Annexure "A"

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).

<u>DESCRIPTION</u>	<u>VALUATION BASIS</u>	<i>Note</i>	<u>Sub Total</u>	<u>Total</u>
			----- (Rupees) -----	
<u>CURRENT ASSETS</u>				
Cash in hand and bank balances	As per book value	3		216,432,019
Cash deposited as margin with National Clearing Company of Pakistan				49,620,263
Trade receivables	As per book value	4	55,219,839	
	Less: Placement under margin trading		-	
	Less: Overdue for more than 14 days		(25,797,831)	29,422,008
Investment in listed securities in the name of broker, measured at fair value	As per book value		154,443,360	
			154,443,360	
	Less: 15% discount		(23,166,504)	131,276,856
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			8,481,567
Total Current Assets				435,232,714
<u>CURRENT LIABILITIES</u>				
Trade payables	As per book value	5	212,758,158	
	Less: Overdue for more than 30 days		(127,833,340)	
Other liabilities	As per book value	6		84,924,818
Total Current Liabilities				191,160,805
Net Capital Balance as at June 30, 2020				276,085,623
				159,147,091

The annexed notes 1 to 7 form an integral part of the statement. 5/6


 Chief Executive Officer


 Chief Financial Officer

Taurus Securities Limited
Notes to the Statement of Net Capital Balance
As at June 30, 2020

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 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 BASIS FOR PREPARATION

The Statement of Net Capital Balance has been prepared under the historical cost convention except investments which are stated at fair values. Further, accrual basis of accounting is followed.

3 CASH IN HAND AND BANK BALANCES

	Note	2020 (Rupees)
These are stated at book value.		
Cash in hand		105,979
Bank balance pertaining to:		
- Brokerage house		9,441,717
- Clients	3.1	206,884,323
		<u>216,432,019</u>

3.1 Trade payables balance due to clients for the purpose of Net Capital Balance in accordance with the clarification / guidelines issued by SECP as follows:

	2020 (Rupees)
Amounts identified as at balance sheet date	
- Due to clients against trading of securities	211,821,832
- Due to associated companies / persons against trading of securities	-
Add: Amounts identified subsequent to the balance sheet date	
- Unidentified deposits by client	936,325
- MTS / Markup on deposits attributable to clients	-
	936,325
Less: Accrual of trade payable for T+2 transactions	(5,873,834)
	<u>206,884,323</u>

Taurus Securities Limited
Notes to the Statement of Net Capital Balance
As at June 30, 2020

4 TRADE RECEIVABLES

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

	2020 ------(Rupees)-----		
	Gross Amount	Provision for doubtful debts	Net Amount
Total Trade receivable	55,219,839	-	55,219,839
Less: Outstanding for more than 14 days	(25,797,831)	-	(25,797,831)
Balance generated within 14 days and/or not yet due	<u>29,422,008</u>	<u>-</u>	<u>29,422,008</u>

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.

	2020 (Rupees)
Amounts identified as at balance sheet date	
- Due to clients against trading of securities	211,821,832
- Due to associated companies / persons against trading of securities	-
Add: Amounts identified subsequent to the balance sheet date	
- Unidentified deposits by client	936,325
- MTS / Markup on deposits attributable to clients	-
	<u>936,325</u>
	212,758,158
- Less: Overdue for more than 30 days	<u>(127,833,340)</u>
	<u><u>84,924,818</u></u>

Taurus Securities Limited
Notes to the Statement of Net Capital Balance
As at June 30, 2020

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 breakup is as follows:


	2020 (Rupees)
- Accrued expenses	17,034,271
- Payable to NCCPL against T2 settlement	17,999,363
- Short term running finance	25,000,000
- Lease liability	3,293,831
- Trade payables overdue for more than 30 days	127,833,340
	<u>191,160,805</u>

7 DATE OF ISSUANCE

This Statement was authorised for issue on 15 SEP 2020 *15/9*



Chief Executive Officer



Chief Financial Officer