



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of FDM Capital Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of **FDM Capital Securities (Private) Limited** and notes to the Statement of Net Capital Balance as at June 30, 2019 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2019 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 Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist FDM Capital 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 FDM Capital Securities (Private) Limited, SECP, PSX and NCCPL and should not be distributed to parties other than FDM Capital Securities (Private) Limited 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 Regulations and the 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 is responsible for overseeing the Securities Broker's financial reporting process.

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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.

Karachi.
Dated:

13 SEP 2019



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Rafiq Dosani

FDM CAPITAL SECURITIES (PVT) LIMITED
STATEMENT OF NET CAPITAL BALANCE
AS AT JUNE 30, 2019

Excess of Current Assets over Current Liabilities determined in accordance with the Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines

| DESCRIPTION | VALUATION | RUPEES |
|--|--|--------------------------|
| <u>CURRENT ASSETS</u> | | |
| Cash and Bank Balances | As per Book Value | 67,664,573 |
| Trade Receivables | Book Value less overdue for more than 14 days | 4,152,012 |
| Investment in listed securities in the name of broker. | Securities marked to market less 15% discount | 75,473,599 |
| Securities purchased for client | Securities purchased for the client and held by the member where the payment has not been received within 14 days. | 5,317,782 |
| Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan | Marked to market less 10% discount. | - |
| FIBs | Marked to market less 5% discount. | - |
| Treasury Bill | At market value | - |
| | | <u>152,607,966</u> |
| <u>CURRENT LIABILITIES</u> | | |
| Trade Payables | Book value less overdue for more than 30 days | 13,969,580 |
| Other Liabilities | As per Book values | 44,884,806 |
| | | <u>58,854,386</u> |
| NET CAPITAL BALANCE AS AT JUNE 30, 2019 | | <u><u>93,753,580</u></u> |

NOTE 1

The financial information has been prepared in conformity with the accounting policies of FDM Capital Securities (Private) Limited, provisions of Securities and exchange Rules, 1971 and the guidelines issued by the Securities and Exchange Commission of Pakistan.


 CHIEF EXECUTIVE OFFICER




 DIRECTOR

FDM CAPITAL SECURITIES (PVT) LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT JUNE 30, 2019
Excess of Current Assets over Current Liabilities determined in accordance with the
Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines


Notes to the statement

| | <u>Rupees</u> |
|--|-------------------|
| 1 Cash and bank balances | |
| Cash in hand | - |
| Exposure Margin deposited to NCCPL | 6,500,000 |
| Bank balance pertaining to clients | 56,668,713 |
| Bank balance pertaining to brokerage house | 4,495,860 |
| | <u>67,664,573</u> |
| 2 Trade receivables | |
| Book value | 13,101,284 |
| Less: overdue for more than 14 days | (8,949,272) |
| | <u>4,152,012</u> |
| 3 Investment in Listed Securities in the name of broker | |
| Securities marked to market | 88,792,469 |
| Less 15% | (13,318,870) |
| | <u>75,473,599</u> |
| 4 Securities purchased for client | |
| Overdue balance for more than 14 days | <u>8,949,272</u> |
| Lower of overdue balance and securities held against such balance | <u>5,317,782</u> |
| 5 Trade payables | |
| Book value | 55,803,070 |
| Less: overdue for more than 30 days | (41,833,490) |
| | <u>13,969,580</u> |
| 6 Other liabilities | |
| Creditors overdue for more than 30 days | 41,833,490 |
| Accrued Liabilities and Other Payables | 3,051,316 |
| | <u>44,884,806</u> |



CHIEF EXECUTIVE OFFICER





DIRECTOR