



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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** (the 'Securities Broker') and notes to the Statement of Net Capital Balance as at December 31, 2018 (together 'the statement').

In our opinion, 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 - 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 the 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 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 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 judgement 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: 14 MAR 2019

Per



Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Engagement Partner: Muhammad Rafiq Dosani

FDM CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2018

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	83,169,154
Trade Receivables	Book Value less overdue for more than 14 days	5,666,491
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	149,956,501
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	4,426,520
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	-
		243,218,666
<u>CURRENT LIABILITIES</u>		
Trade Payables	Book value less overdue for more than 30 days	31,362,604
Other Liabilities	As per Book values	105,704,461
		137,067,065
NET CAPITAL BALANCE AS AT DECEMBER 31, 2018		106,151,601

NOTE

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


CHIEF EXECUTIVE OFFICER




DIRECTOR

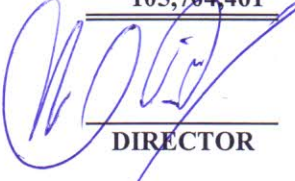
FDM CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT DECEMBER 31, 2018
Excess of Current Assets over Current Liabilities determined in accordance with the
Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines

Notes to the statement

	<u>Rupees</u>
1 Cash and bank balances	
Cash in hand	-
Exposure margin deposited with NCCPL against trading of securities	7,178,390
Bank balance pertaining to clients	73,639,730
Bank balance pertaining to brokerage house	2,351,034
	<u><u>83,169,154</u></u>
2 Trade receivables	
Book value	12,483,944
Less: overdue for more than 14 days	(6,817,453)
	<u><u>5,666,491</u></u>
3 Investment in Listed Securities in the name of broker	
Securities marked to market	176,419,413
Less 15%	(26,462,912)
	<u><u>149,956,501</u></u>
4 Securities purchased for client	
Overdue balance for more than 14 days	6,817,453
Lower of overdue balance and securities held against such balance	<u><u>4,426,520</u></u>
5 Trade payables	
Book value	72,564,787
Less: overdue for more than 30 days	(41,202,183)
	<u><u>31,362,604</u></u>
6 Other liabilities	
Creditors overdue for more than 30 days	41,202,183
Bank overdraft	61,147,361
Accrued Liabilities and Other Payables	3,354,917
	<u><u>105,704,461</u></u>


CHIEF EXECUTIVE OFFICER




DIRECTOR