

**INDEPENDENT AUDITORS REPORT ON
STATEMENT OF NET CAPITAL BALANCE**

To the Chief Executive Officer of M/s. GMI Capital Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of M/s. GMI Capital Securities (Private) Limited and notes to the Statement of Net Capital Balance as at December 31, 2019 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at December 31, 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 the M/s. GMI 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 M/s. GMI Capital Securities (Private) Limited, SECP, PSX and NCCPL and should not be distributed to parties other than M/s. GMI 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.

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 **Farhan Ahmed Memon**.



Farhan Zakaria & Co.
Farhan Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: **28 JAN 2020**

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

	Note	Dec 31, 2019 Rupees
<u>CURRENT ASSETS</u>		
Cash and cash equivalents		
Cash in hand		11,479
Cash at bank	2	
Bank balance pertaining to brokerage house		91,069,904
Bank balance pertaining to clients		9,577,297
		100,647,201
Deposit against exposure	3	37,215,155
Trade Receivables		
Book value		27,668,750
Less: Over due for more than 14 days		(8,770,592)
Balance generated within 14 days / or not yet due	4	18,898,158
Securities held on behalf of clients where payment has not been received in 14 days	5	8,211,333
Investment in listed securities		
Securities on the exposure list marked to market		19,113,227
Less: 15% discount		(2,866,984)
	6	16,246,243
Total Current Assets	A	181,229,570
<u>CURRENT LIABILITIES</u>		
Trade Payables		
Book value		9,577,297
Less: Over due for more than 30 days		(4,764,847)
	7	4,812,450
Other liabilities	8	7,318,405
Total Current Liabilities	B	12,130,855
NET CAPITAL BALANCE	A minus B	169,098,715



Mariya
 Chief Executive Officer

Mariam
 Director

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

1 BASIS OF ACCOUNTING

This net capital has been prepared under the historical cost convention except for investments that are valued at market value. Further, accrual basis of accounting is followed.

Dec 31,
2019
Rupees

2 CASH AT BANK

Balance pertaining to brokerage house

Current accounts

91,069,904

Savings accounts

-

91,069,904

Balance pertaining to Clients

Current accounts

9,577,297

Savings accounts

-

9,577,297

100,647,201

3 DEPOSIT AGAINST EXPOSURE

Ready Market Exposure

17,500,000

Future Market Exposure & loss

19,715,155

37,215,155

4 TRADE RECEIVABLE

This amount is based on 14 days net capital aging of trade receivables.

5 SECURITIES HELD ON BEHALF OF CLIENT WHERE PAYMENT HAS NOT BEEN RECEIVED IN 14 DAYS

The amount represents lower of securities held and receivable above 14 days from clients.



6 INVESTMENT IN LISTED SECURITIES

Symbol	Security Name	Qty of Shares	Rate	Amount
ATRL	Attock Refinery Limited	14,000	111.69	1,563,660
DGKC	D.G. Khan Cement Company Limited	40,000	74.27	2,970,800
EFERT	Engro Fertilizers Limited	10,000	73.43	734,300
FCEPL	Frieslandcampina Engro Pakistan	10,000	79.30	793,000
FCCL	Fauji Cement Company Limited.	100,000	15.56	1,556,000
FFBL	Fauji Fertilizer Bin Qasim Limited	12,500	19.52	244,000
FFC	Fauji Fertilizer Company Limited	12,500	101.47	1,268,375
GHNL	Ghandhara Nissan Limited	7,000	76.17	533,190
GTYR	The General Tyre & Rubber Company of Pakistan Limited	7,000	55.76	390,320
HCAR	Honda Atlas Cars Pakistan Limited	2,000	218.94	437,880
HTL	Hi-Tech Lubricants Limited	10,000	31.14	311,400
KEL	K-Electric Limited	250,000	4.37	1,092,500
NRL	National Refinery Limited	10,000	141.08	1,410,800
OGDC	Oil & Gas Development Company Limited	10,000	142.32	1,423,200
TRG	TRG Pakistan Limited Class "A"	15,000	24.55	368,250
PSX	Pakistan Stock Exchange Limited	321,759	12.48	4,015,552
				19,113,227
Less:	15% discount			(2,866,984)
				16,246,243

7 TRADE PAYABLES

This amount is based on 30 days net capital aging of trade payables.

Dec 31,
2019
Rupees

8 OTHER LIABILITIES

Trade payables over due for more than 30 days
Accrued expenses & other liabilities

4,764,847
2,553,558
7,318,405



Mariya

Chief Executive Officer

Mariyam
Director