

**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 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 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 SAs*  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

Place: Karachi

Dated: **11 SEP 2019**



**GMI CAPITAL SECURITIES (PRIVATE) LIMITED**  
**CALCULATION OF NET CAPITAL BALANCE**  
**AS AT JUNE 30, 2019**

	Note	2019 Rupees
<b><u>CURRENT ASSET</u></b>		
<b>Cash and cash equivalent</b>		
Cash in hand		80
<b>Cash at bank</b>		
Bank balance pertaining to brokerage house		117,284,043
Bank balance pertaining to clients		14,854,519
	2	132,138,563
Deposit against Exposure	3	36,995,976
<b>Trade Receivables</b>		
Book value		7,253,399
Less: Over due for more than 14 days		(6,256,075)
Balance generated within 14 days and/or not yet due	4	997,324
Securities held on behalf of client where payment has not been received in 14 days	5	2,778,409
<b>Investment in listed securities</b>		
Securities on the exposure list marked to market		16,737,442
Less: 15% discount		(2,510,616)
	6	14,226,826
<b>Total Current Assets</b>	A	187,137,177
<b><u>CURRENT LIABILITIES</u></b>		
<b>Trade Payable</b>		
Book values		14,854,519
Less: Over due for more than 30 days		(11,129,626)
	7	3,724,893
Other liabilities	8	11,472,592
<b>Total Current Liabilities</b>	B	15,197,485
<b>NET CAPITAL BALANCE</b>	A minus B	171,939,692



*Mariya*  
 Chief Executive Officer

*M. Mariam*  
 Director

**GMI CAPITAL SECURITIES (PRIVATE) LIMITED**  
**CALCULATION OF NET CAPITAL BALANCE**  
**AS AT JUNE 30, 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.

*Rupees*

**2 CASH AND CASH EQUIVALENT**

<i>Cash in hand</i>	80
<i>Balance pertaining to brokerage house</i>	
Current Accounts	117,284,043
Saving Accounts	-
	117,284,043
<i>Balance pertaining to Clients</i>	
Current Accounts	14,854,519
Saving Accounts	-
	14,854,519
	<u>132,138,643</u>

**3 DEPOSIT AGAINST EXPOSURE**

Ready Market Exposure	17,500,000
Future Market Exposure & loss	19,495,976
	<u>36,995,976</u>

**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	77.27	1,081,780
DGKC	D.G. Khan Cement Co. Limited	40,000	56.64	2,265,600
EFERT	Engro Fertilizers Limited	10,000	63.97	639,700
EFOODS	Engro Foods Limited	10,000	58.33	583,300
FCCL	Fauji Cement Company Limited.	100,000	15.73	1,573,000
FFBL	Fauji Fertilizer Bin Qasim Limited	12,500	18.23	227,875
FFC	Fauji Fertilizer Company Limited	12,500	87.20	1,090,000
GHNL	Ghandhara Nissan Limited	7,000	52.43	367,010
GTyr	The General Tyre & Rubber Company of Pakistan Limited	7,000	51.51	360,570
HCAR	Honda Atlas Cars Pakistan Limited	2,000	148.32	296,640
HTL	Hi-Tech Lubricants Limited	10,000	27.66	276,600
KEL	K-Electric Limited	250,000	4.39	1,097,500
NRL	National Refinery Limited	10,000	113.47	1,134,700
OGDC	Oil & Gas Development Company Limited	10,000	131.49	1,314,900
TRG	TRG Pakistan Limited Class "A"	15,000	16.36	245,400
PSX	Pakistan Stock Exchange Limited	321,759	13.00	4,182,867
				16,737,442
Less:	15% discount			(2,510,616)
				14,226,826

7 TRADE PAYABLE

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

8 OTHER LIABILITIES

	<i>Rupees</i>
Trade payable over due for more than 30 days	11,129,626
Accrued expenses & other liabilities	316,280
SST payable	26,686
	11,472,592

  
Chief Executive Officer

  
Director

