

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of ABM SECURITIES (PRIVATE) LIMITED

Opinion

We have audited the Statement of Net Capital Balance of **ABM SECURITIES (PRIVATE) LIMITED** and notes to the Statement of Net Capital Balance as at June 30, 2017 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2017 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 no.1 to the statement, which describes the basis of accounting. The statement is prepared to assist the **ABM SECURITIES (PVT) 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 **ABM SECURITIES (PVT) LIMITED**, SECP, PSX and NCCPL and should not be distributed to parties other than **ABM 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 Mr. Muhammad Amin.

CHARTERED ACCOUNTANTS

Lahore: 06 SEP 2017



ABM SECURITIES (PVT) LIMITED
COMPUTATION OF NET CAPITAL BALANCE
AS AT JUNE 30, 2017

1. BASIS OF PREPARATION

The net capital balance has been prepared on the basis of Securities Exchange Commission (SEC) Rules, 1971, the Securities Brokers (Licensing and Operations) Regulation, 2016 (The Regulations) and guidelines issued by Securities and Exchange Commission of Pakistan.

2. COMPUTATION OF NET CAPITAL BALANCE

	Rupees	Rupees
<u>CURRENT ASSETS</u>		
Margin Deposit with Clearing Houses		
National Clearing of Pakistan		
Cash in hand and bank balances		
Cash deposited as margin with:		
Lahore Stock Exchange		-
Bank balances		
Pertaining to Brokerage House	1,771,197	-
Pertaining to Clients	22,634,992	-
	24,406,189	
Cash in hand	35,445	24,441,634
Trade Receivable		
Receivable from NCCPL	11,870,361	
Receivables from Clients	692,710	
Less: Outstanding for more than 14 days	180,300	
	512,410	12,382,771
Investment in Listed Securities		
Securities Appearing and Owned by Brokerage House	9,642,041	
Less: 15% discount	1,446,306	8,195,735
Securities purchased for clients		
Received from client After Expiry of 14 days	178,329	178,329
		45,198,469
LESS: CURRENT LIABILITIES		
Trade and other payables		
Overdue payables	34,631,034	
Less: Overdue more than 30 days	5,728,203	
	28,902,831	
Other Liabilities		
Trade payables overdue more than 30 days	5,728,203	
accruals of Current Liabilities	137,649	
Other Liabilities	-	
	5,865,852	34,768,683
NET CAPITAL		<u>10,429,786</u>

NET CAPITAL ABM Securities (Pvt) Ltd.


CHIEF EXECUTIVE Chief Executive



for ABM Securities (Pvt) Ltd
Neelam Baqas Mirza
DIRECTOR
 Director