



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

**To the Chief Executive Officer of IGI Finex Securities (the Securities Broker)**

**Opinion**

We have audited the Statement of Net Capital Balance of IGI Finex Securities Limited (the Securities Broker) 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 and Exchange Commission of Pakistan (SECP).

**Basis of 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 IGI Finex Securities Limited to meet the requirements of 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 IGI Finex Securities Limited, 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 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 as applicable in Pakistan 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.

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A.F. FERGUSON & CO.

As part of an audit in accordance with ISAs as applicable in Pakistan, 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 **Noman Abbas Sheikh**.

*A. F. Ferguson & Co.*

A. F. Ferguson & Co.

Chartered Accountants

Date: September 16, 2019

Karachi

IGI FINEX SECURITIES LIMITED  
 STATEMENT OF NET CAPITAL BALANCE  
 FOR THE PURPOSE OF THE SECOND SCHEDULE OF SECURITIES BROKERS  
 (LICENSING AND OPERATIONS) REGULATIONS, 2016 READ WITH  
 RULE 2 (D) OF THE SECURITIES EXCHANGE COMMISSION (SEC) RULES, 1971  
 AS AT JUNE 30, 2019

**A- Current Assets**

	Note	Rupees	Rupees
1. Cash in hand			
2. Cash deposit as margin with Pakistan Stock Exchange	2		153,585,215
3. Cash at bank	3		
Bank balance pertaining to brokerage house		13,430,876	
Bank balance pertaining to clients		217,886,575	
Total bank balances			231,317,451
4. Trade Receivables	4		
Total receivables		49,967,670	
Outstanding for more than fourteen days		(18,285,599)	
Balance generated within fourteen days and not yet due			31,682,072
5. Investments in listed securities in the name of broker. (Securities on the exposure list marked to market less 15% discount)			
6. Securities purchased for client			
7. Listed TFCs / Corporate Bonds (Marked to market less 10% discount)			
8. FIBs (Marked to market less 10% discount)			
9. Treasury Bill (At market value) (At market value)			
			416,584,738

**B- Current Liabilities**

1. Trade Payables			
Book Value	5	331,418,743	
Less: Overdue for more than 30 days		(177,659,391)	
			153,759,352
2. Other liabilities (Including trade payables overdue for more than 30 days)	5		239,315,031
			393,074,383

NET CAPITAL BALANCE (A-B)

23,510,355

The annexed notes 1 to 5 form an integral part of this statement.

  
 CHIEF EXECUTIVE OFFICER



**IGI FINEX SECURITIES LIMITED**  
**EXPLANATORY NOTES TO THE STATEMENT OF NET CAPITAL BALANCE**  
**FOR THE PURPOSE OF THE SECOND SCHEDULE OF SECURITIES BROKERS**  
**(LICENSING AND OPERATIONS) REGULATIONS, 2016 READ WITH**  
**RULE 2 (D) OF THE SECURITIES EXCHANGE COMMISSION (SEC) RULES, 1971**  
**AS AT JUNE 30, 2019**

**Basis of preparation**

- 1 This statement is prepared in accordance with the requirements of the second schedule of Securities Brokers (Licensing And Operations) Regulations, 2016, read with Rule 2(d) of the Securities and Exchange Rules, 1971, and guidelines / clarifications issued by the Securities and Exchange Commission of Pakistan. The accounting policies adopted in preparation of this Statement are consistent with the basis used in financial statements for the year ended December 31, 2018 of the Company.

	Note	Amount in Rupees
<b>2 Cash deposit as margin with Pakistan Stock Exchange (PSX)</b>		
Deposit with PSX - Ready Exposure		120,059,832
Deposit with PSX - Future Exposure		32,574,693
Deposit with PSX - MTS Exposure		950,690
		<u>153,585,215</u>
<b>3 Cash at bank</b>		
<b>Bank balances pertaining to brokerage house</b>		
- current accounts - non interest bearing		13,386,174
- savings accounts		44,702
		<u>13,430,876</u>
<b>Bank balances pertaining to clients</b>		
- current accounts - non interest bearing		7,766,546
- savings accounts		210,120,029
		<u>217,886,575</u>
<b>Total cash at bank</b>		<u>231,317,451</u>
<b>4 Trade Receivables</b>		
<b>Considered good</b>		
Receivable from clients against purchase of marketable securities		34,965,939
<b>Considered doubtful</b>		
Receivable from clients against purchase of marketable securities		593,840,126
Provision for doubtful receivables	4.1	(578,838,395)
		<u>15,001,731</u>
		<u>49,967,670</u>

- 4.1 Provision against doubtful receivables has been made after considering the market value of listed equity securities held in custody by the Company against respective customers accounts.

	Amount in Rupees
<b>5 Trade and other payables</b>	
<b>Other liabilities</b>	
Trade Payables over due within 30 days	153,759,392
Trade payables over due for more than 30 days	177,659,391
	331,418,783
Others	61,655,640
<b>Total Trade and other payables</b>	<u>393,074,423</u>

- 5.1 Others essentially include payable against profit on unutilised funds, accrued expenses, withholding tax payable, provision for leave encashment and other payables.

  
**CHIEF EXECUTIVE OFFICER**

