



INDEPENDENT AUDITOR'S REPORT TO THE CHIEF EXECUTIVE OFFICER OF IGI FINEX SECURITIES LIMITED ON STATEMENT OF NET CAPITAL BALANCE AS AT JUNE 30, 2020

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, 2020 (together 'the Statement').

In our opinion, the financial information in the Statement of the Securities Broker as at June 30, 2020 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, the 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 handwritten signature in blue ink that reads 'A.F. Ferguson & Co.' with a stylized flourish at the end.

A. F. Ferguson & Co.

Chartered Accountants

Date: September 8, 2020

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, 2020

A- Current Assets

	Note	Rupees	Rupees
1. Cash in hand			
2. Cash deposit as margin with Pakistan Stock Exchange	2		125,850,690
3. Cash at bank	3		
Bank balance pertaining to brokerage house		54,983,216	
Bank balance pertaining to clients		401,752,173	
Total bank balances			456,735,389
4. Trade receivables	4		
Total receivables		36,777,573	
Outstanding for more than fourteen days		(18,479,283)	
Balance generated within fourteen days and not yet due			18,298,289
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)			
			600,884,368

B- Current Liabilities

1. Trade payables			
Book value	5	505,278,086	
Less: Overdue for more than 30 days		(205,748,651)	
			299,529,435
2. Other liabilities (including trade payables overdue for more than 30 days)			251,170,369
			550,699,804

NET CAPITAL BALANCE (A-B)

50,184,564

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, 2020

1 BASIS OF PREPARATION

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 annual financial statements of the Company.

	Note	Amount in Rupees
2 CASH DEPOSIT AS MARGIN WITH PAKISTAN STOCK EXCHANGE (PSX)		
Deposit with PSX - Ready Exposure		100,200,000
Deposit with PSX - Future Exposure		25,500,000
Deposit with PSX - MTS Exposure		150,690
		<u>125,850,690</u>
3 CASH AT BANK		
Bank balances pertaining to brokerage house		
- current accounts - non interest bearing		14,969,459
- savings accounts		40,013,757
		<u>54,983,216</u>
Bank balances pertaining to clients		
- current accounts - non interest bearing		5,613,678
- savings accounts		396,138,495
		<u>401,752,173</u>
Total cash at bank		<u>456,735,389</u>
4 TRADE RECEIVABLES		
Considered good		
Receivable from clients against purchase of marketable securities		20,629,120
Receivable from National Clearing Company of Pakistan (NCCPL)		1,825,363
		<u>22,454,483</u>
Considered doubtful		
Receivable from clients against purchase of marketable securities		586,541,368
Provision for doubtful receivables	4.1	(572,218,278)
		<u>14,323,090</u>
		<u>36,777,573</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.	
5 TRADE AND OTHER PAYABLES	Note	Amount in Rupees
Other liabilities		
Trade payables over due within 30 days		299,529,435
Trade payables over due for more than 30 days		205,748,651
		505,278,086
Others	5.1	45,421,718
Total Trade and other payables		<u>550,699,804</u>
5.1	Others essentially include payable against profit on utilised funds, accrued expenses, withholding tax payable, provision for leave encashment and other payables.	


CHIEF EXECUTIVE OFFICER

