



IECNET S.K.S.S.S.

Chartered Accountants



**INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE
TO THE CHIEF EXECUTIVE OFFICER OF MGM SECURITIES (PRIVATE) LIMITED**

Opinion

We have audited the Statement of Net Capital Balance of **MGM SECURITIES (PRIVATE) LIMITED** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at December 31, 2017 (hereinafter collectively referred to as "the statement").

In our opinion, the financial information in the statement of the Securities Broker as at December 31, 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

The statement is prepared to assist the Securities Broker 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 any other purpose. Our report is intended solely for the Securities Broker, SECP, PSX and NCCPL, and should not be distributed to parties other than the Securities Broker, 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 are responsible for overseeing the Securities Broker's financial reporting process.

A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING FIRMS

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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.

IECnet S.K.S.S.S,
Chartered Accountants

Engagement partner: **Mr. Muhammad Aslam Khan.**
Lahore.

Date: March 15, 2018

MGM SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2017

(In accordance with Regulation 6(4) of the Securities Brokers' (Licensing & Operations) Regulations, 2016)

	RUPEES	RUPEES
Current Assets		
Cash in Hand		12,218
Exposure Deposit		11,500,000
Bank balances		
Bank balances pertaining to brokerage house	17,387,868	
Bank balances pertaining to clients	24,157,971	41,545,839
Trade receivables		
Book value	12,222,900	
Less: Overdue for more than 14 days	3,154,625	9,068,275
Securities purchased for clients		2,473,175
Investment in listed securities in the name of broker		
Securities on the exposure list	1,236,000	
Less: 15% adjustment (as required)	185,400	1,050,600
		A 65,650,106
Current Liabilities		
Trade Payables		
Book Value	34,825,559	
Less: Overdue for more than 30 days	15,905,147	18,920,413
Other liabilities		
Accrued expenses and other liabilities		17,396,603
		B 36,317,015
NET CAPITAL BALANCE		<u><u>29,333,091</u></u>

Date: DECEMBER 31, 2017

CHIEF EXECUTIVE OFFICER



DIRECTOR

MGM SECURITIES (PRIVATE) LIMITED
 NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
 FOR THE PERIOD ENDED DECEMBER 31, 2017

	NOTE	Dec-17 RUPEES
1. CASH IN HAND		
Cash in Hand		12,218
		<u>12,218</u>
2. BANK BALANCES		
Pertaining to brokerage house		17,387,868
Pertaining to clients		24,157,971
		<u>41,545,839</u>
3. TRADE RECEIVABLES		
Book value		12,222,900
Overdue for more than 14 days		(3,154,625)
		<u>9,068,275</u>
4. SECURITIES PURCHASED FOR CLIENTS		
Securities purchased for client		2,473,175
		<u>2,473,175</u>
5. INVESTMENT IN LISTED SECURITIES		
Securities on the exposure list		1,236,000
15% adjustment (as required)		(185,400)
		<u>1,050,600</u>
6. TRADE PAYABLES		
Book value		34,825,559
Overdue for more than 30 days		(15,905,147)
		<u>18,920,413</u>
7. ACCRUED EXPENSES AND OTHER LIABILITIES		
Overdue for more than 30 days		15,905,147
Provisions and accruals		1,491,456
		<u>17,396,603</u>

CHIEF EXECUTIVE OFFICER



DIRECTOR