



Grant Thornton

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INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of
Foundation Securities (Private) Limited (the Securities Broker)

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Introduction

We have reviewed the accompanying Statement of Net Capital Balance of **Foundation Securities (Private) Limited** (the Securities Broker) as at December 31, 2020 and the notes to the Statement of Net Capital Balance (here-in-after referred to as 'the statement'). Management is responsible for the preparation of the statement in accordance with requirements of Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) issued by the Securities & Exchange Commission of Pakistan (SECP). Our responsibility is to express a conclusion on the statement based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' which applies to review of historical financial information performed by the independent auditor of the Securities Broker. A review of historical financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement is not prepared, in all material respects, in accordance with the requirements of Second Schedule of the Regulations.

Other Matter – Restriction on Distribution and Use

Our report is intended solely for **Foundation Securities (Private) Limited** (the Securities Broker), SECP, Pakistan Stock Exchange and National Clearing Company of Pakistan Limited and should not be distributed to any other parties. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's report is **Muhammad Khalid Aziz**.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi


Date: February 25, 2021

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2020

DESCRIPTION	VALUATION BASIS	Note	Sub Total	Total
			-----Rupees-----	
<u>CURRENT ASSETS</u>				
Cash in hand and bank balances	As per book value	3		940,298,958
Cash deposited as margin with National Clearing Company of Pakistan Limited (NCCPL)	As per book value			310,455,633
Trade receivables	As per book value Less: Overdue for more than 14 days	4	367,938,118 (36,752,828)	331,185,290
Investment in listed securities in the name of broker	At market value Less: Securities in exposure list marked to market less 15% discount	5	20,912,639 (3,136,896)	17,775,743
Securities purchased for client	Value of shares appearing in clients respective sub account to the extent of overdue balance for more than 14 days or value of securities, whichever is less.			5,436,103
Total Current Assets				1,605,151,727
<u>CURRENT LIABILITIES</u>				
Trade payables	As per book value Less: Overdue for more than 30 days	6	912,956,799 (334,585,155)	578,371,644
Other liabilities	As per book value	7		837,197,122
Total Current Liabilities				1,415,568,766
Net Capital Balance as at December 31, 2020				189,582,961

The annexed notes 1 to 8 form an integral part of the statement.




CHIEF EXECUTIVE OFFICER


COMPLIANCE OFFICER

FOUNDATION SECURITIES (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2020

1. STATEMENT OF COMPLIANCE

This statement has been prepared by management in accordance with requirements of the Second Schedule of the Securities Broker (Licensing and Operations) Regulations, 2016 issued by the Securities & Exchange Commission of Pakistan (SECP).

2. BASIS OF ACCOUNTING

This statement has been prepared on trade date accounting basis and accordingly account for income, assets and liabilities.

3. CASH IN HAND AND BANK BALANCES

December 31, 2020
(Rupees)

These are stated at book value:

Cash in hand

87,753

Bank balances pertaining to:

- Brokerage house

76,876,079

- Clients

863,335,126

940,298,958

**3.1 Reconciliation of Trade Payables And Bank Balance
 Pertaining To Clients**

Overall trade payables balance for the purpose of Net Capital Balance in accordance with clause 6.1 of clarification / guidelines issued by SECP on July 03, 2013 and September 08, 2016, as follows:

December 31, 2020
(Rupees)

Trade payable as at December 31, 2020

912,956,799

Less: Accrual of Trade Payable for T+2 transaction

(49,621,673)

863,335,126

4. TRADE RECEIVABLES

These are valued at cost less debts outstanding for more than 14 days.

Total trade receivable

367,938,118

Less: Outstanding for more than 14 days

(36,752,828)

Balance generated within 14 days and/or not yet due

331,185,290

5. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

Name of Securities

Available
quantity

Fair value in
Rupees

Ghani Global Holding Limited

5,549

90,449

International Industries Limited

1,100

194,260

Pakistan National Shipping Corporation

1,000

91,400

Pakistan Stock Exchange Limited

1,326,500

19,658,730

Tariq Glass Industries Limited

10,000

877,800

Total

1,344,149

20,912,639



FOUNDATION SECURITIES (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2020

6. TRADE PAYABLES

This represents balances payable against trading of shares less trade payable balances overdue for more than 30 days which have been included in other liabilities.

7. OTHER LIABILITIES

These represent current liabilities and trade payables which are overdue for more than 30 days. Other liabilities are stated at book value.

	December 31, 2020 (Rupees)
Trade payables overdue more than 30 days	334,585,155
National Clearing Company of Pakistan Limited	133,634,967
Accrued expenses	35,207,000
Payable to Fauji Foundation	12,516,000
Accrued Mark-up - Askari Bank	671,000
Payable to Pakistan Stock Exchange against services / taxes	5,527,000
Others	15,056,000
Over draft	300,000,000
	<u>837,197,122</u>

8. DATE OF ISSUANCE

This statement was authorized for issue on 25 FEB 2021




CHIEF EXECUTIVE OFFICER


COMPLIANCE OFFICER