

Review Report on Statement of Net Capital Balance
To the Chief Executive Officer of Surmawala Securities (Private) Limited

Introduction
We have reviewed the accompanying statement of net capital balance of Surmawala Securities (Private) Limited as at December 31, 2020 and submitted the statement of net capital balance for the year ended December 31, 2020 to the Board of Directors of the company for their information and record. The statement of net capital balance is prepared in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

Scope of Review
As conducted our review was limited to the information submitted to us by the company and we did not conduct an audit of the company's financial statements.

SURMAWALA SECURITIES (PRIVATE) LIMITED

STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2020

significant matters that may require attention of the Board of Directors.

Conclusion
Based on our review, we are satisfied that the statement of net capital balance is prepared in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

Other Matters
Our report does not constitute an audit of the financial statements of Surmawala Securities (Private) Limited. The company's financial statements are subject to audit by the auditors of the company.

Engagement Letter
The engagement letter is attached hereto for your information.

WITNESSED
Date: 10 MAR 2021

Private Use
This report is for the use of the Board of Directors of Surmawala Securities (Private) Limited only and should not be distributed to any other person without the prior written consent of the auditors.



**Review Report on Statement of Net Capital Balance
To the Chief Executive Officer of Surmawala Securities (Private) Limited**

Introduction

We have reviewed the accompanying Statement of Net Capital Balance of **Surmawala Securities (Private) Limited** as at **December 31, 2020** and notes to the Statement of Net Capital Balance (here-in-after referred to as the 'the statement'). Management is responsible for the preparation of the statement in accordance with the requirements of the 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 Standards 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 **Surmawala Securities (Private) Limited**, 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.


Engagement Partner
Mohammad Javid Qasim

Karachi
Dated: **10 MAR 2021**

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SURMAWALA 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>				
Bank balances and cash deposit	As per book value	2		79,310,474
Trade Receivables	Book Value	3	25,109,740	
	Less: Overdue for more than fourteen days		15,980,234	
			9,129,506	
	From clearing house		1,935,885	11,065,391
Investments in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	4	30,457,000	25,888,450
			4,568,550	
Securities purchased for clients	Securities purchased for the client and held by the broker where the payment has not been received within fourteen days	5		841,962
Listed TFCs / Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan.	Marked to Market less 10% discount			-
FIBs	Marked to Market less 5% discount			-
Treasury Bill	At market value			-
Any other current asset specified by the Commission	As per the valuation basis determined by the Commission			-
TOTAL ASSETS				<u>117,106,276</u>
<u>Current Liabilities</u>				
Trade payables	Book Value		48,006,660	
	Less: Overdue for more than 30 days	6	6,959,647	41,047,012
Other liabilities	As classified under the generally accepted accounting principles	7		8,052,109
				<u>49,099,121</u>
NET CAPITAL BALANCE				<u>68,007,155</u>

The annexed notes 1 to 7 form an integral part of the statement.


Chief Executive Officer / Director



SURMAWALA SECURITIES (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF NET CAPITAL BALANCE

1 STATEMENT OF COMPLIANCE

The statement of net capital balance of the Company ("the Statement") has been prepared in accordance with the requirements as contained in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

The statement is prepared specifically to meet the above mentioned requirements and for submission to the Pakistan Stock Exchange, National Clearing Company of Pakistan Limited and the Securities and Exchange Commission of Pakistan. As a result, the statement may not be suitable for another purpose.

2 BANK BALANCES AND CASH DEPOSITS

(Rupees)

These are stated at book value.

Cash in hand

-

Bank balance pertaining to:

Brokerage house

MCB Bank Limited
Habib Metropolitan Bank Limited
Bank Al Falah Limited
Summit Bank Limited
Bank Al Habib Limited

18,831,183
603,689
648,721
6,398
549,489
20,639,480

Clients

MCB Bank Limited

48,670,994
48,670,994

Deposits against exposure

Ready market
Future market
MTS exposure margin

-
10,000,000
-
10,000,000

Total Cash and Bank Balances

79,310,474

3 TRADE RECEIVABLES

These are stated at book value and classified as balance generated within 14 days and outstanding for more than 14 days



Chief Executive Officer / Director



SURMAWALA SECURITIES (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF NET CAPITAL BALANCE

4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These includes tradeable listed securities at market value less discount at 15%.

5 SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

6 TRADE PAYABLES

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

7 OTHER LIABILITIES

These represents current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

The break up as per trial balance is as follows:

Trade payables overdue for more than 30 days	6,959,647
Accrued expenses	650,000
Other liabilities	75,300
SST payable	367,162
	8,052,109
TOTAL	<u>8,052,109</u>



Chief Executive Officer / Director

