



INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Hamza Farhad Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of **Hamza Farhad Securities (Private) Limited** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at June 30, 2019 (hereinafter collectively referred to as "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 & 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.



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.

Note: This report and the annexed Net Capital Balance statement (the "current statement") supersede and replace our previous report on the Company's Net Capital Balance statement dated September 14, 2019 as well as the Net Capital Balance statement annexed therewith (the "previous statement"). Our previous report included an adverse opinion on the basis that Management was unable to satisfy us with respect to certain journal entries and adjustments. Subsequent to the issuance of our previous report, Management has either furnished the requisite supporting evidence for previously unsubstantiated journal entries or made the appropriate corrections. As a result of these revisions, the Company's Net Capital Balance has decreased from PKR 6,063,307 reported previously to PKR 6,008,664 as per the current statement.

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

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

Date: September 25, 2019

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF NET CAPITAL BALANCE
(In accordance with Regulation 6(3)(4) of the Securities Brokers' (Licensing & Operations) Regulations, 2016)
AS AT JUNE 30, 2019

<u>A Description of Current Assets</u>	<u>Basis of Accounting</u>	<u>Notes</u>	<u>Amount</u> (Rupees)
1 Cash in hand & Cash at bank	As per book value.	2	
Cash in hand			-
Cash at bank-House account			1,523
Cash at bank-Client account			4,773,819
			4,775,342
2 Margin Deposits			206,407
3 Trade receivables	Book value less those overdue for more than 14 days.		48,642,852
Less: Outstanding for more than 14 days			(47,775,675)
			867,177
4 Investment in listed securities in the name of company	Securities on the Exposure list to Market less 15 % discount.	3	1,615,697
5 Securities purchased for client			4,117,355
			11,581,977
<u>B Description of Current Liabilities</u>			
1 Trade Payables	Book value less those overdue for more than 30 days.		3,629,009
Less: Overdue more than 30 days			(3,414,585)
			214,423
2 Other liabilities	As classified under the Generally Accepted Accounting Principles.	4	5,358,889
			5,573,312
NET CAPITAL BALANCE			6,008,664

Chief Executive



Director

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED
EXPLANATORY NOTES TO THE NET CAPITAL BALANCE AS AT JUNE 30, 2019

1 BASIS OF ACCOUNTING

This statement of Net Capital Balance has been prepared in accordance with the requirements of the Third Schedule read with rule 2(d) of the Securities and Exchange Commission (SEC) Rules 1971, clauses 6(3) and 6(4) of the Securities Brokers (Licensing and Operations) Regulations 2016, and related clarifications / guidelines issued by the Securities and Exchange Commission of Pakistan.

2 CASH IN HAND AND AT BANK

Cash in hand
 Bank balance(s) pertaining to Brokerage House
 Bank balance(s), pertaining to Clients

TOTAL (Rupees)
-
1,523
4,773,819
4,775,342

Investment in Listed Securities in the name of Company		Holding as per CDC	Market Rate as at June 30, 2019	TOTAL
Security Symbol	Security Name	Position Owned	Rupees	Rupees
BOP	The Bank Of Punjab	70,500	9.15	645,075
ISETRMCL	Ise Towers Reit Management Company Limited - Freeze	1,213,841	-	-
PIAA	Pakistan International Airlines Corporation Limited - (A)	277,500	4.51	1,251,525
PIBTL	Pakistan International Bulk Terminal Limited	500	8.44	4,220
Total Value				1,900,820
Less: 15 % Discount				(285,123)
				1,615,697

4 OTHER LIABILITIES

Trade payable overdue more than 30 days
 Auditor's Remuneration
 Accrued Expenses
 Provision for taxation
 Other payables

3,414,585
150,000
717,965
134,471
941,868
5,358,889


 Chief Executive




 Director