

# HAMZA FARHAD SECURITIES (PRIVATE) LIMITED

## BALANCE SHEET

AS AT Sep 30, 2014

	Note	Sep-14	2014
		--- Rupees ---	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	313,957	349,272
Intangible asset	5	4,000,000	4,000,000
Long term advances	6	1,225,000	525,000
Short term investment		22,763,277	-
Long term investment	7	30,346,030	30,346,030
		<b>58,648,264</b>	<b>35,220,302</b>
<b>CURRENT ASSETS</b>			
Trade receivables	8	19,217,161	40,776,459
Advances & short term prepayments	9	-	24,628
Cash and bank balances	10	5,063,784	1,818,037
		<b>24,280,945</b>	<b>42,619,124</b>
		<b>82,929,209</b>	<b>77,839,427</b>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized Share Capital</b>			
500,000 Ordinary Shares of Rupees 100/- each		<b>50,000,000</b>	<b>50,000,000</b>
<b>Issued, subscribed and paid up share capital</b>			
Paid up capital	11	10,000,000	10,000,000
Deposit against issuance of shares		6,200,000	6,200,000
Accumulated Profit / (Loss)		27,165,711	27,079,464
		<b>43,365,711</b>	<b>43,279,464</b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables	12	39,563,499	34,479,861
Income tax payable	13	-	80,101
		<b>39,563,499</b>	<b>34,559,962</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	14	-	-
		<b>82,929,210</b>	<b>77,839,426</b>

The annexed notes form an integral part of these financial statements.

OCTOBER 29, 2014

CHIEF EXECUTIVE



DIRECTOR

**HAMZA FARHAD SECURITIES (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**AS AT Sep 30, 2014**

	Note	Sep-14 --- Rupees ---	2014
Brokerage Income	15	1,066,200	6,992,951
Operating expenses	16	<u>(829,142)</u>	<u>(5,292,627)</u>
<b>Profit from operations</b>		<b>237,057</b>	<b>1,700,324</b>
Finance cost	17	(1,292)	(1,477,623)
Gain/ (Loss) on the Sale of Fixed Asset		(149,518)	
Other Income	18	-	370,146
<b>Profit before taxation</b>		<b>86,247</b>	<b>592,847</b>
Taxation	13	-	(80,101)
<b>Profit after taxation</b>		<b>86,247</b>	<b>512,746</b>
<b>Total other comprehensive income</b>		<b>86,247</b>	<b>512,746</b>
<b>Basic Earning per share</b>	19	<b>0.86</b>	<b>5.13</b>

The annexed notes form an integral part of these financial statements.

OCTOBER 29, 2014

CHIEF EXECUTIVE




*Seemal Ruby*  
 DIRECTOR

#### 4 PROPERTY AND EQUIPMENT

	Computers	Furniture & Fixtures	Office Equipment	Vehicles	Total
<b>At July 01, 2012</b>					
Cost	85,700	20,500	81,573	-	187,773
Accumulated depreciation	25,710	3,075	12,236	-	41,021
<b>Net Book Value</b>	<b>59,990</b>	<b>17,425</b>	<b>69,337</b>	-	<b>146,752</b>
<b>Year Ended June 30, 2013</b>					
Opening net book value	59,990	17,425	69,337	-	146,752
Additions/(Deletion)	12,800	28,419	318,875	-	360,094
Depreciation charge	21,837	6,877	58,232	-	41,021
<b>Closing net book value</b>	<b>50,953</b>	<b>38,967</b>	<b>329,980</b>	-	<b>465,825</b>
<b>At 30 June 2013</b>					
Cost	98,500	48,919	400,448	-	547,867
Accumulated depreciation	47,547	9,952	70,468	-	127,967
<b>Net Book Value</b>	<b>50,953</b>	<b>38,967</b>	<b>329,980</b>	-	<b>419,900</b>
<b>Year Ended June 30, 2014</b>					
Opening net book value	50,953	38,967	329,980	-	419,900
Additions	-	-	-	-	-
Depreciation charge	15,286	5,845	49,497	-	70,628
<b>Closing net book value</b>	<b>35,667</b>	<b>33,122</b>	<b>280,483</b>	-	<b>349,272</b>
<b>At 30 June 2014</b>					
Cost	98,500	48,919	400,448	-	547,867
Accumulated depreciation	62,833	15,797	119,965	-	198,595
<b>Net Book Value</b>	<b>35,667</b>	<b>33,122</b>	<b>280,483</b>	-	<b>349,272</b>
<b>At 30 Sep 2014</b>					
Cost	98,500	48,919	400,448	-	547,867
Deletion Motor Cycle Purchase/ Sale	-	-	-	-	-
Accumulated depreciation	62,833	15,797	119,965	-	198,595
<b>Net Book Value</b>	<b>35,667</b>	<b>33,122</b>	<b>280,483</b>	-	<b>349,272</b>
<b>Closing net book as on 30 Sep 2014</b>	<b>32,992</b>	<b>31,880</b>	<b>269,965</b>	-	<b>313,957</b>
<b>Annual rate of depreciation</b>	<b>30%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	

**HAMZA FARHAD SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rupees		Rupees	Rupees
Balance as on 01 July 2012	10,000,000	-	(191,492)	9,808,508
Total comprehensive (Loss) for the year	-			-
- Profit for the Year	-	-	26,758,210	26,758,210
- Other Comprehensive Income	-	-	-	-
	-	-	26,758,210	26,758,210
Balance as on 30 June 2013	<b>10,000,000</b>	-	<b>26,566,718</b>	<b>36,566,718</b>
Total comprehensive (Loss) for the year	-			-
- Profit for the Year	-	-	512,746	512,746
- Advance against issuance of shares	-	6,200,000	-	6,200,000
	-	6,200,000	512,746	6,712,746
Balance as on 30 June 2014	<b>10,000,000</b>	<b>6,200,000</b>	<b>27,079,464</b>	<b>43,279,464</b>
Total comprehensive (Loss) for the year	-			-
- Profit for the Year	-	-	80,926	80,926
- Advance against issuance of shares	-	-	-	-
	-	-	80,926	80,926
Balance as on 30 Sep 2014	<b>10,000,000</b>	<b>6,200,000</b>	<b>27,160,390</b>	<b>43,360,390</b>

	Note	Sep-14 --- Rupees ---
<b>5 INTANGIBLE ASSET</b>		
This represents the cost of (ISE) TREC Certificate	5.1	<u>4,000,000</u>
<b>6 LONG TERM ADVANCES</b>		
CDC deposits ISE		100,000
NCSS deposits ISE		300,000
ISE clearing house deposit		100,000
ISE Exposure / Margin		<u>725,000</u>
		<u>1,225,000</u>
<b>7 LONG TERM INVESTMENT</b>		
<b>Available for sale</b>		
Shares in Islamabad Stock Exchange limited	7.1	<u>30,346,030</u>
<p>7.1 These represent the shares received from Islamabad Stock Exchange (ISE) in pursuance of corporatization and demutualization of ISE as public company limited by shares in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration Act, 2012 (the Act.)). In addition, the company has also received Trading Right Entitlement Certificate (TREC) from ISE.</p> <p>Accordingly, the company has been allotted 3,034,603 shares of ISE of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the SECP. The company has received 40% equity shares i.e. 1,213,841 shares of ISE. The remaining 60% shares are transferred to CDC sub-account in company's name under ISE's participant IDs with the CDC which will remain blocked until these are divested to strategic investor's), general public and financial institutions.. As the fair value of both the asset transfer and assets obtain can not be determined with reasonable accuracy, the investment in shares has been recorded at the face value of Rs. 10/- each in the Company's book.</p> <p>7.2 No tax provision has been made on Gain on exchange of membership card with TREC, as such gain is exempted from tax under clause 110B of Second Schedule of Income Tax Ordinance , 2001</p>		
<b>8 TRADE RECEIVABLES - UNSECURED</b>		
Considered Good		19,217,161
Considered doubtful		-
		<u>19,217,161</u>
Less : Provision for doubtful debts		-
		<u>19,217,161</u>
<b>9 ADVANCES &amp; SHORT TERM PREPAYMENTS</b>		
Income Tax Deducted By NCC on Capital Gains		
Advance Income Tax		<u>-</u>
<b>10 CASH AND BANK BALANCES</b>		
Cash in hand		53,149
Cash at banks		5,010,635
		<u>5,063,784</u>

**11 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

June 30, 2014    June 30, Sep-15

No. of shares

100,000	100,000	Ordinary shares of Rs.100/- each fully paid in cash
<u>100,000</u>	<u>100,000</u>	<u>10,000,000</u>
		<u>10,000,000</u>

**12 TRADE & OTHER PAYABLES**

Creditors	31,872,028
Other payables	<u>7,691,471</u>
	<u>39,563,499</u>
	<b>1-Sep</b>
	--- Rupees ---

**13 PROVISION FOR TAXATION**

Current for the year	<u>5,321</u>
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**14 CONTINGENCIES AND COMMITMENTS**

There is no contingencies and commitments at the balance sheet date.

**15 REVENUE**

Brokerage Income	<u>1,066,200</u>
	<u>1,066,200</u>

**16 OPERATING EXPENSES**

Misc. expenses	<u>829,142</u>
	<u>829,142</u>

**17 FINANCE COST**

Financial charges for trading	-
Bank charges	<u>1,292</u>
	1,292

**18 OTHER INCOME**

Gain on exchange of asset ( Less than 24 months)	-
Loss on exchange of asset ( Less than 12 months)	-
	<u>-</u>

**19 Related party transactions****Nature of relationship**

The related parties include chief executive and directors of the company  
There is no other relates party transcation

## 20 FINANCIAL RISK MANAGEMENT

### 21.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### 21.2 Financial assets and liabilities by category and their respective maturities

#### Financial Asset

Long term deposits  
Trade debts - unsecured & considered good  
Bank balance  
**Total**

Except long term security deposits none of the above financial assets had maturity above than 1 y

#### Financial Liability

Trade & other payables  
**Total**

None of the above financial liabilities had maturity above than 1 year.

### 21.3 Fair Values

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value except for loan from director which is stated at cost.

### 21.4 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

## 21.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would causes their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Credit risk of the Company arises form deposits with banks and financial institutions, trade debts and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. the management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

The carrying amount of financial assets represent the maximum credit exposure, as specified

### **Financial Asset**

Long term deposits

Trade debts - unsecured & considered good

Bank balances

**Total**



## 21.6 **LIQUIDITY RISK**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of the financial liabilities;

### **Financial Liability**

Trade & other payables ( Maturity within 1 Year )

**Total**

## 21.7 **MARKET RISK**

Market risk means that fair value of future cash flows of a financial instrument with fluctuate because of changes in market prices such as, foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and price risk. The market risk associated with the company's business activities are discussed as under:

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The Company is not exposed to interest rate risk as it has no interest bearing borrowings.

### **Price Risk**

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is not exposed to equity price risk since it has no investments in quoted equity securities.

## 22 **DATE OF AUTHORIZATION**

These financial statements have been authorized for issue by the Board of Directors on October 04, 2014.

## 23 **GENERAL**

Figures have been rounded off to the nearest rupee.