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INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

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

Opinion

We have audited the Statement of Net Capital Balance of Hamza Farhad Securities (Pvt) Limited (the Securities Broker) and notes to the Statement of Net Capital Balance as at 31 December 2019 (together 'the Statement').

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

We draw attention to Note 1 to the Statement, which describes the basis of accounting. 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 another 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 or the 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 the 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 is 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Shahid Farooq.

UHY Hassan Naeem & Co

UHY Hassan Naeem & Co
Chartered Accountants

Islamabad

Date: 03 March 2020

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

In accordance with Regulation 6 (3) (4) of the Securities Brokers (Licensing and Operations) Regulations, 2016

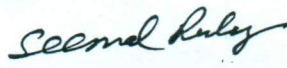
Description	Note	31-Dec-19 Rupees
<u>Current Assets</u>		
Cash and Bank Balances	2	1,339,368
Cash Margin with National Clearing Company of Pakistan Limited	3	2,072,922
Receivable from National Clearing Company of Pakistan Limited		1,261,135
Trade receivables	4	233,406
Investment in Listed Securities	5	486,340
Securities purchased for clients		4,162,735
Total Current Assets		9,555,906
<u>Current Liabilities</u>		
Trade payables	6	344,034
Other liabilities	7	1,702,778
Total Current Liabilities		2,046,812
Net Capital Balance as at December 31, 2019		7,509,094

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The annexed notes 1 to 8 form an integral part of this Statement.


 Chief Executive




 Director

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
EXPLANATORY NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

1 STATEMENT OF COMPLIANCE

- 1.1 This Net Capital Balance Statement is prepared in accordance with the requirements of the Regulation 6 and the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Rule 2(d) of the Securities and Exchange Commission Rules, 1971 and SECP guidelines.
- 1.2 The accounting principles and methods of computation used in the preparation of this Statement of Net Capital Balance are the prevailing accounting policies of Hamza Farhad Securities (Pvt) Limited.
- 1.3 The valuation of current assets and current liabilities for the purposes of net capital balance has been determined on the basis of the following:

Description	Valuation Basis
Cash in hand or in bank	As per Book value
Cash margin with National Clearing Company of Pakistan Limited	As per Book value
Trade Receivables	Book value less overdue for more than 14 days
Investment in the listed securities	Securities on the exposure list marked to market less 15% discount
Market Treasury Bills	At market value
Any other asset as may be specified by the commission	As per the valuation basis determined by the Commission
Trade Payables	Book value less overdue for more than 30 days
Other liabilities	As classified under generally accepted accounting principles

2 CASH IN HAND AND BANK BALANCES

Note 31-Dec-19
Rupees

Cash in hand	
Cash at Banks	
House Accounts	2.1 2,425
Client Accounts	2.2 1,336,943
	<u>1,339,368</u>

2.1 HOUSE ACCOUNTS

Bank Alfalah - A/c - 04071003047988	<u>2,425</u>
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2.2 CLIENT ACCOUNTS

Bank Alfalah - A/c - 04071003048217	<u>1,336,943</u>
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3 CASH DEPOSITED AS MARGIN WITH NCCPL

This represents cash deposited with National Clearing Company of Pakistan Limited against exposure margin deposits. Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarification issued by the Securities and Exchange Commission of Pakistan (SECP).

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
EXPLANATORY NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
AS AT DECEMBER 31, 2019

4 TRADE RECEIVABLES

31-Dec-19
Rupees

These are stated at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

Book Value

Less: overdue for more than 14 days

49,719,832

(49,486,426)

233,406

5 INVESTMENT IN THE NAME OF THE COMPANY

Investment in listed securities

Less: 15% Discount

572,165

(85,825)

486,340

As per the guidelines issued by the SECP, only available for sale and pledged shares has been taken in calculation of Net Capital Balance.

6 TRADE PAYABLES

This Represent balance payable against trading of shares less trade payables overdue for more than 30 days which has been included in other liabilities (refer to note: 7).

Related party

Other Customers

-

1,779,919

1,779,919

Over due for more than 30 days

(1,435,885)

344,034

7 OTHER LIABILITIES

This Represents current liabilities and trade payable which are overdue for more than 30 days. Other liabilities are stated as book value

Trade payables overdue for more than 30 days

FED Payable

WHT Payable

Accrued Expenses

1,435,885

86,794

24,712

155,387

1,702,778

8 GENERAL

8.1 This statement is prepared to meet the requirements of the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited, and National Clearing Company of Pakistan Limited. Therefore this Statement may not be suitable for any other purpose and should not be distributed to parties other than Hamza Farhad Securities (Pvt) Limited (the Broker), SECP, PSX and NCCPL.

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8.2 DATE OF ISSUANCE

This statement is being authorized for issue on March 02, 2020


 Chief Executive




 Director