

HAMZA FARHAD SECURITIES (PVT) LIMITED

**Financial Statements
Year Ended 31 Mar , 2020**

HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT Mar 31, 2020

	Note	Mar 2020 3rd Quarter	Dec 2019 2nd Quarter
------(Rupees)-----			
Non-Current Assets			
Property and equipment	7	785,323	816,203
Intangible asset	8	2,500,000	2,500,000
Long term investment	9	42,757,556	42,757,556
Long term deposits	10	1,500,000	1,500,000
		47,542,879	47,573,759
Current Assets			
Trade debts - net	11	7,349,552	6,061,512
Deposits, prepayments and other receivables	12	1,739,263	2,951,275
Income tax	13	6,864,134	6,864,134
Short term investments	14	822,951	50,633
Cash and bank balances	15	4,945,971	1,339,368
		21,721,870	17,266,921
		<u>69,264,749</u>	<u>64,840,680</u>
Equity and Liabilities			
Share capital	16	55,055,800	55,055,800
Reserves			
of investment measured at FVOCI		12,411,526	12,411,526
Unappropriated profit		(8,458,634)	(8,519,237)
Total equity		59,008,692	58,948,090
Advance against issue of shares		-	-
Non Current Liabilities			
Long term loan - unsecured	17	3,800,000	3,800,000
Current Liabilities			
Trade and other payables	18	6,456,056	1,958,119
Provision for taxation - net	19		134,471
		6,456,056	2,092,590
Contingencies and commitments	20	<u>69,264,749</u>	<u>64,840,681</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


 Chief Executive


 Director

HAMZA FARHAD SECURITIES (PVT) LIMITED
INCOME STATEMENT
FOR THE PERIOD ENDED Dec 31, 2019

	Note	Mar 2020 3rd Quarter	Dec 2019 2nd Quarter
			----- (Rupees)
Revenue	21	907,191	1,214,831
Remuerment Classified at FVTPL			-
Unrealized gain on short-term investments		(59,038)	855,905
		848,153	2,070,736
Operating and administrative expenses	22	(792,691)	(488,722)
Operating Profit/(loss)		55,462	1,582,014
Finance charges	23	5,141	1,648
Other income / (loss)	24		43,648
Profit/(Loss) before taxation		60,603	1,627,310
Taxation			
- Current tax expense	25		
- Deferred tax expense			-
Profit/(Loss) for the year, after taxation		60,603	1,627,310

The annexed notes 1 to 38 form an integral part of these financial statements.


 Chief Executive


 Director

HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED Dec 31, 2019

<i>Note</i>	Mar-20	Dec-19	Sep-19
Profit/(Loss) for the year, after taxation	60,603	1,627,310	(371,550)
Other comprehensive income			
Net change in fair value of available-for-sale financial	<u>12,411,526</u>	<u>12,411,526</u>	<u>12,411,526</u>
Other comprehensive income for the period	12,411,526	12,411,526	12,411,526
 Total comprehensive profit/(loss) for the year	 <u>12,472,129</u>	 <u>14,038,836</u>	 <u>12,039,977</u>



 Chief Executive

HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED Dec 31, 2019

	Share capital	Capital Reserve	Fair value reserve	Unappropriated profit	Total
	------(Rupees)-----				
Balance as at 30 Jun 2019	23,510,000	2,413,876	13,435,011	(9,774,997)	37,800,075
Unwind of discount on long-term loan	-	-	-	-	-
Profit for the Period	-	-	-	(371,550)	(371,550)
Other comprehensive income for the year	-	-	-	-	-
Balance as at 30 Sep 2019	23,510,000	2,413,876	13,435,011	(10,146,546)	37,428,525
Unwind of discount on long-term loan	-	-	-	-	-
Profit for the Period	-	-	-	1,627,310	1,627,310
Other comprehensive income for the year	-	-	-	-	-
Balance as at 31 Dec 2019	23,510,000	2,413,876	13,435,011	(8,519,237)	39,055,835
Unwind of discount on long-term loan	-	-	-	-	-
Profit for the Period	-	-	-	60,603	60,603
Other comprehensive income for the year	-	-	-	-	-
Balance as at 31 Mar 2020	23,510,000	2,413,876	13,435,011	(8,458,634)	39,116,438

The annexed notes 1 to 38 form an integral part of these financial statements.


 Chief Executive


 DIRECTOR

7 PROPERTY AND EQUIPMENT

	Cost			Accumulated Depreciation			Net book value as at 31 Mar 2020	Rate of Depreciation	
	As at 1 Jan 2020	Additions/ (Deletions)	As at 31 Mar 2020	As at 31 Dec 2019	Adjustments	For the period			As at 31 Mar 2020
Rupees									
Computers	104,500	-	104,500	97,233	-	545	97,778	6,722	30
Office Equipment	71,569	-	71,569	39,996	-	1,184	41,180	30,389	15
Furniture and Fixtures	521,848	-	521,848	337,487	-	6,914	344,401	177,447	15
Vehicles	1,308,000	-	1,308,000	714,998	-	22,238	737,236	570,764	15
	2,005,917	-	2,005,917	1,189,714	-	30,880	1,220,594	785,323	

8 INTANGIBLE ASSETS

		Mar 31, 2020	Dec 31, 2019
		----Rupees----	
Trading Right Entitlement Certificate ("TREC")	8.1	2,500,000	2,500,000
Impairment loss	8.2		
		<u>2,500,000</u>	<u>2,500,000</u>

- 8.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee Limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

- 8.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC from PKR 4 million to PKR 2.5 million. As a result, the Company has recognized an impairment loss of PKR 1.5 million during fiscal 2018.

		Mar 31, 2020	Dec 31, 2019
		----Rupees----	
	<i>Note</i>		
9 LONG-TERM INVESTMENTS			
Investments available for sale			
ISE Towers REIT Management Limited - opening	9.1	42,757,556	42,757,556
Adjustment for remeasurement to fair value			
ISE Towers REIT Management Limited - fair value		<u>42,757,556</u>	<u>42,757,556</u>

- 9.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 8.1, the Company received 3,034,603 shares of ISE Towers REIT Management Limited. Of these, 60% (1,820,762 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 1,123,842 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by ISE Towers REIT Management Limited (PKR 14.09 / per share, compared to PKR 10.00 / per share as at June 30, 2017). Remeasurement to fair value resulted in a gain of PKR 12,411,526 (2017: PKR 00).

		<u>Mar 31, 2020</u>	<u>Dec 31, 2019</u>
10 LONG TERM DEPOSITS	<i>Note</i>		
Central Depository Company Limited		100,000	100,000
National Clearing Company of Pakistan Limited		1,200,000	1,200,000
Pakistan Stock Exchange Limited		200,000	200,000
		<u>1,500,000</u>	<u>1,500,000</u>
11 TRADE DEBTS			
Considered good	<i>11.1</i>	7,349,552	6,061,512
Considered doubtful		43,658,320	36,984,375
		<u>47,190,169</u>	<u>43,045,887</u>
Less: Provision for doubtful debts	<i>11.2</i>	<u>(43,658,320)</u>	<u>(36,984,375)</u>
		<u>7,349,552</u>	<u>6,061,512</u>
11.1 The Company holds client-owned securities with a total fair value of PKR 16,449,912 (2017: PKR 108,203,060) as collateral against trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.			
Trade receivables include PKR 900,741 due from related parties.			
11.2 Movement in provision against trade debts is as under:			
Opening balance (as at July 1)		43,658,320	36,984,375
Charged to profit and loss during the year		<u>43,658,320</u>	<u>36,984,375</u>
Amounts written off during the year		<u>43,658,320</u>	<u>36,984,375</u>
Closing balance (as at June 30)		<u>43,658,320</u>	<u>36,984,375</u>
12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Margin deposits		1,739,263	2,072,922
NCSS futures receivable			878,353
		<u>1,739,263</u>	<u>2,951,275</u>
13 INCOME TAX REFUNDABLE			
Balance at the beginning of the year		6,864,134	6,864,134
Add: current year additions		-	-
		<u>6,864,134</u>	<u>6,864,134</u>
Less: adjustment against provision for taxation			
Balance at the end of the year		<u>6,864,134</u>	<u>6,864,134</u>
14 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Investment in listed securities		822,951	50,633
		<u>822,951</u>	<u>50,633</u>

		<u>Mar 31, 2020</u>	<u>Dec 31, 2019</u>
	<i>Note</i>		
		<u>Mar 31, 2020</u>	<u>Dec 31, 2019</u>
15 CASH AND BANK BALANCES			
	<i>Note</i>		
Cash in hand		64	-
Cash at bank:			
Current accounts	<i>15.1</i>	4,945,686	1,336,943
Proprietary accounts		221	2,425
		<u>4,945,971</u>	<u>1,339,368</u>

16 SHARE CAPITAL

16.1 Authorized capital

500,000 (2017:500,000) Ordinary Shares of PKR 100/- each

<u>56,000,000</u>	<u>56,000,000</u>
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16.2 Issued, subscribed and paid-up share capital

235,100 (2017: 162,000) ordinary shares of PKR 100/- each, issued for cash

55,055,800	55,055,800
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(11,490,000)

<u>55,055,800</u>	<u>55,055,800</u>
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16.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Mar-20	Dec-19
	Mar-20	Dec-19		
Mr. Khalid Irfan Mehmood Butt	512,708	197,250	83.90%	83.90%
Ms. Seemal Ruby	37,850	37,850	16.10%	16.10%

17 LONG TERM FINANCING

Loan from director - undiscounted value
Effect of discounting at market interest rate

<i>17.1</i>	3,800,000	3,800,000
	-	-
	<u>3,800,000</u>	<u>3,800,000</u>

17.1 This represents interest-free, subordinated loans received from directors, repayable by 31 December 2019. The loans, secured to meet short-term working capital needs, have been discounted at market interest of 11% per annum and difference has been recognized in equity under capital reserve.

18 TRADE AND OTHER PAYABLES

Note

Trade creditors	<i>18.1</i>	6,250,369	1,778,520
NCCPL Clg		23,147	
Accrued expenses		67,007	67,007
Auditor's remuneration payable		80,000	80,000
Other payables		35,534	32,592
		<u>6,456,056</u>	<u>1,958,119</u>

18.1 Trade payables include PKR 1,835,765 due to related parties.

19 PROVISION FOR TAXATION

Balance at the beginning of the year
Add: current year provision

-	134,471
<u>-</u>	<u>134,471</u>

Less: adjustment against advance tax
Balance at the end of the year

-	134,471
<u>-</u>	<u>134,471</u>

Mar 31, 2020 Dec 31, 2019

Note

20 CONTINGENCIES AND COMMITMENTS

20.1 There are no contingencies or commitments of the Company as at June 30, 2018 (2017: None)

21 OPERATING REVENUE

Brokerage income	1,393,717	691,040
Dividend income	728,305	728,305
	2,122,022	1,419,345

Mar 31, 2020 Dec 31, 2019

22 ADMINISTRATIVE EXPENSES

	1,281,413	672,834
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22.1 Auditor's remuneration

Statutory audit
Certifications and other charges

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23 FINANCIAL CHARGES

Bank and other charges	5,141	1,648
	5,141	1,648

Mar 31, 2020 Dec 31, 2019

24 OTHER INCOME

Realized losses on sales of short-term investments		
Nccpl Profit on Dfc Exposure	234,402	163,708
Sundry / miscellaneous income	234,402	163,708
	234,402	163,708

25 TAXATION

Provision made during the year for:

- current
- prior year

10

	-	-

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit / (loss) after taxation, attributable to ordinary shareholders	60,603	1,627,310
Weighted average number of ordinary shares in issue during the year	235,100	235,100
Earnings per share	0.26	6.92

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.