

HAMZA FARHAD SECURITIES (PVT) LIMITED

**Financial Statements
Year Ended 31 Dec , 2019**

HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT Dec 31, 2019

	Note	Dec 2019 2nd Quarter	Sep 2019 1st Quarter
------(Rupees)-----			
Non-Current Assets			
Property and equipment	7	816,203	848,309
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
		47,573,759	47,605,865
Current Assets			
Trade debts - net	11	6,061,512	5,004,812
Deposits, prepayments and other receivables	12	2,951,275	1,389,915
Income tax	13	6,864,134	6,998,605
Short term investments	14	50,633	2,028,581
Cash and bank balances	15	1,339,368	2,324,824
		17,266,921	17,746,738
		64,840,680	65,352,604
Equity and Liabilities			
Share capital	16	55,055,800	23,510,000
Reserves			3,437,361
of investment measured at FVOCI		12,411,526	12,411,526
Unappropriated profit		(8,519,237)	(10,146,546)
Total equity		58,948,090	29,212,341
Advance against issue of shares		-	-
Non Current Liabilities			
Long term loan - unsecured	17	3,800,000	31,908,374
Current Liabilities			
Trade and other payables	18	1,958,119	4,097,417
Provision for taxation - net	19	134,471	134,471
		2,092,590	4,231,888
Contingencies and commitments	20	64,840,681	65,352,604

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	Dec 2019 2nd Quarter	Sep 2019 1st Quarter
		------(Rupees)-----	
Revenue	21	1,214,831	204,514
Remuerment Classified at FVTPL		-	-
Unrealized gain on short-term investments		855,905	13,149
		2,070,736	217,663
Operating and administrative expenses	22	(488,722)	(529,332)
Operating Profit/(loss)		1,582,014	(311,669)
Finance charges	23	1,648	86
Other income / (loss)	24	43,648	74,504
Profit/(Loss) before taxation		1,627,310	(237,079)
Taxation			
- Current tax expense	25		134,471
- Deferred tax expense		-	134,471
Profit/(Loss) for the year, after taxation		1,627,310	(371,550)

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>	Dec-19	Sep-19
Profit/(Loss) for the year, after taxation		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>
Other comprehensive income for the period		12,411,526	12,411,526
Total comprehensive profit/(loss) for the year		<u><u>14,038,836</u></u>	<u><u>12,039,977</u></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 year	-	-	-	(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 year	-	-	-	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

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 Dec 2019	Rate of Depreciation	
	As at 1 Sep 2019	Additions/ (Deletions)	As at 31 Dec 2019	As at 30 Sep 2019	Adjustments	For the period			As at 31 Dec 2019
	Rupees								
Computers	104,500	-	104,500	96,643	-	589	97,233	7,267	30
Office Equipment	71,569	-	71,569	38,766	-	1,230	39,996	31,573	15
Furniture and Fixtures	521,848	-	521,848	330,304	-	7,183	337,487	184,361	15
Vehicles	1,308,000	-	1,308,000	691,894	-	23,104	714,998	593,002	15
	2,005,917	-	2,005,917	1,157,608	-	32,106	1,189,714	816,203	

8 INTANGIBLE ASSETS

		Dec 31, 2019	Sep 30, 2019
		----Rupees----	
Trading Right Entitlement Certificate ("TREC")	8.1	2,500,000	2,500,000
Impairment loss	8.2	<u> </u>	<u> </u>
		<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.

		Dec 31, 2019	Sep 30, 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		<u> </u>	<u> </u>
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>Dec 31, 2019</u>	<u>Sep 30, 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>	6,061,512	5,004,812
Considered doubtful		36,984,375	326,761
		<u>43,045,887</u>	<u>5,331,573</u>
Less: Provision for doubtful debts	<i>11.2</i>	(36,984,375)	(326,761)
		<u>6,061,512</u>	<u>5,004,812</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)		36,984,375	326,761
Charged to profit and loss during the year		<u>36,984,375</u>	<u>326,761</u>
Amounts written off during the year		<u>36,984,375</u>	<u>326,761</u>
Closing balance (as at June 30)		<u>36,984,375</u>	<u>326,761</u>
12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Margin deposits		2,072,922	1,295,648
NCSS futures receivable		878,353	94,267
		<u>2,951,275</u>	<u>1,389,915</u>
13 INCOME TAX REFUNDABLE			
Balance at the beginning of the year		6,864,134	6,998,605
Add: current year additions		-	-
		<u>6,864,134</u>	<u>6,998,605</u>
Less: adjustment against provision for taxation		<u>6,864,134</u>	<u>6,998,605</u>
Balance at the end of the year		<u>6,864,134</u>	<u>6,998,605</u>
14 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Investment in listed securities		50,633	2,028,581
		<u>50,633</u>	<u>2,028,581</u>

		<u>Dec 31, 2019</u>	<u>Sep 30, 2019</u>
	<i>Note</i>		
		<u>Dec 31, 2019</u>	<u>Sep 30, 2019</u>
15 CASH AND BANK BALANCES			
	<i>Note</i>		
Cash in hand		-	(5,275)
Cash at bank:			
Current accounts	<i>15.1</i>	1,336,943	2,330,099
Proprietary accounts		2,425	
		<u>1,339,368</u>	<u>2,324,824</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>50,000,000</u>
-------------------	-------------------

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	23,510,000
(11,490,000)	
<u>55,055,800</u>	<u>23,510,000</u>

16.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	Dec-19	Sep-19	Dec-19	Sep-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	<i>17.1</i>	20,418,374	31,908,374
Effect of discounting at market interest rate		-	-
		<u>20,418,374</u>	<u>31,908,374</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

	<i>Note</i>		
Trade creditors	<i>18.1</i>	1,778,520	3,619,625
Accrued expenses		67,007	67,007
Auditor's remuneration payable		80,000	150,000
Other payables		32,592	260,784
		<u>1,958,119</u>	<u>4,097,417</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		134,471	134,471
Add: current year provision		134,471	134,471
		<u>134,471</u>	<u>134,471</u>
Less: adjustment against advance tax			
Balance at the end of the year		<u>134,471</u>	<u>134,471</u>

	<u>Dec 31, 2019</u>	<u>Sep 30, 2019</u>
<i>Note</i>		
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	691,040	204,514
Dividend income	728,305	
	<u>1,419,345</u>	<u>204,514</u>
	<u>Dec 31, 2019</u>	<u>Sep 30, 2019</u>
22 ADMINISTRATIVE EXPENSES		
	<u>672,834</u>	<u>529,332</u>
22.1. Auditor's remuneration		
Statutory audit		
Certifications and other charges		
23 FINANCIAL CHARGES		
Bank and other charges	1,648	86
	<u>1,648</u>	<u>86</u>
	<u>Dec 31, 2019</u>	<u>Sep 30, 2019</u>
24 OTHER INCOME		
Realized losses on sales of short-term investments		
Nccpl Profit on Dfc Exposure	163,708	74,504
Sundry / miscellaneous income		
	<u>163,708</u>	<u>74,504</u>
25 TAXATION		
Provision made during the year for:		
- current		134,471
- prior year	<i>10</i>	
	-	<u>134,471</u>
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	1,627,310	(371,550)
Weighted average number of ordinary shares in issue during the year	235,100	235,100
Earnings per share	6.92	(1.58)

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.