

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

34 LIQUID CAPITAL BALANCE

Sr. No.	Head of Account	Value in	Hair Cut /	Net
		Pak Rupees	Adjustments	Adjusted Value
		----- Pak Rupees -----		
I. Assets				
1.1	Property & Equipment	677,380	677,380	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities:			
	Difference between book value and sale value on the date on the basis of PKRV published by NIFT		-	-
	- <i>Sale value on the date on the basis of PKRV published by NIFT</i>			
1.4	Investment in Debt Securities:			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure up to 1 year.		-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure up to 1 year.		-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		-	-
1.5	Investment in Equity Securities:			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	13,684	2,053	11,631
	ii. If unlisted, 100% of carrying value.		-	-
1.6	Investment in subsidiaries:			
	- 100% of net value		-	-
1.7	Investment in associated companies/undertaking:			
	i. If listed 15% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.		-	-
	ii. If unlisted, 100% of net value.	32,819,235	32,819,235	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity	500,000	500,000	-
	- 100% of net value			
1.9	Margin deposits with exchange and clearing house - Nil Haircut	10,056,395	-	10,056,395
1.10	Deposit with authorized intermediary against borrowed securities under SLB		-	-
	- nil			
1.11	Other deposits and prepayments		-	-
	- 100% haircut of carrying value			
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc:			
	- nil		-	-
	- 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		-	-
1.13	Dividends receivables: - Nil		-	-
1.14	Amounts receivable against repo financing:			
	- amount paid as purchaser under the repo agreement.		-	-
	- Securities purchased under repo arrangement shall not be included in the investments.			

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		----- Pak Rupees -----		
	i. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months	-	-	-
	ii. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation	3,985,981	3,985,981	-
	iii. In all other cases, - 100% of net value	-	-	-
1.16	Receivables from clearing house or securities exchange(s):			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MIBI gains.	1,201,770	-	1,201,770
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of a. value of securities held in the blocked account after applying VaR based Haircut, b. cash deposited as collateral by the Financee and c. market value of any securities deposited as collateral after applying VaR based haircut. - Lower of net balance sheet value or value determined through adjustments.		-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value (Net amount after deducting haircut)		-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract. - Net amount after deducting haircut		-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. - Balance sheet value	2,173,550	-	2,173,550
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of a. the market value of securities purchased for customers and held in sub-accounts after applying VaR based haircuts, b. cash deposited as collateral by the respective customer and c. the market value of securities held as collateral after applying VaR based haircuts. - Lower of net balance sheet value or value determined through adjustments.	3,903,528	-	3,903,528
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-
1.18	Cash and Bank balances:			
	i. Bank Balance-proprietary accounts	73,221	-	73,221
	ii. Bank balance-customer accounts	4,411,703	-	4,411,703
	iii. Cash in hand	221	-	221
1.19	Subscription money against investment in IPO/offer for sale (asset):			
	No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. - Net amount after deducting haircuts			
1.20	Total Assets	62,316,667	40,484,649	21,832,018

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----- Pak Rupees -----				
2. Liabilities				
2.1	Trade Payables:			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	8,712,398	-	8,712,398
2.2	Current Liabilities:			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	540,908	-	540,908
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities:			
	i. Long-Term financing	3,800,000	3,800,000	-
	ii. Staff retirement benefits	-	-	-
	iii. other liabilities as per accounting principles and included in the financial statements	-	-	-
	- 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases.	-	-	-
	- Nil in all other cases.	-	-	-
2.4	Subordinated Loans:			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted. In this regard, following <i>conditions</i> are specified:			
	a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period			
	b. No haircut will be allowed against short term portion which is repayable within next 12 months			
	c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
2.5	Advance against shares for Increase in Capital of Securities broker:			
	100% haircut may be allowed in respect of advance against shares if			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	Total Liabilities	13,053,306	3,800,000	9,253,306
3. Ranking Liabilities Relating to:				
3.1	Concentration in Margin Financing:			
	The amount calculated client-to-client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.	-	-	-

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3.2	Concentration in securities lending and borrowing: The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed - Amount as determined through adjustment			
3.3	Net underwriting Commitments: (a) - In the case of right issue: if the market value of securities is less than or equal to the subscription price, the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. - In the case of rights issue: where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment. (b) In any other case: 12.5% of the net underwriting commitments - Amount as determined through adjustment			
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary - Amount as determined through adjustment			
3.5	Foreign exchange agreements and foreign currency positions: 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency - Amount as determined through adjustment			
3.6	Amount Payable under REPO: - Carrying Value			
3.7	Repo adjustment: 10% of the market value of underlying securities. In the case of finance/seller, the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser. - Amount as determined through adjustment			
3.8	Concentrated proprietary positions: - If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security - If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security - Amount as determined through adjustment			
3.9	Opening Positions in futures and options: i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met			

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3.10	Short sell positions:			
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	-	-
Total Liquid Capital As At June 30, 2021 (1.20-2.5-3.11)		49,263,361	36,684,649	12,578,712

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	21,832,018
(ii) Less: Adjusted value of liabilities (serial number 2.6)	9,253,306
(iii) Less: Total ranking liabilities (serial number 3.11)	-
	<u>12,578,712</u>