



INDEPENDENT AUDITOR'S REPORT

To the members of **HAMZA FARHAD SECURITIES (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements **HAMZA FARHAD SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2023 and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

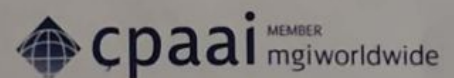
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 as applicable in Pakistan 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 these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on





the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) the securities broker was in compliance with the requirements of section 78 of Securities Act, 2015 and section 62 of the Futures Act, and the relevant requirement of these regulations as at the date on which the statement of financial position was prepared.
- d) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- e) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter Paragraph

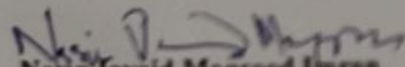
The financial Statements of the company for the year ended 30 June, 2022 were audited by another auditor who expressed an unmodified opinion in their report dated 31 December, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Imran Ul Haq.

Place: Islamabad

Date: 31 October 2023

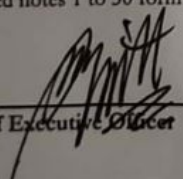
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Nasir Javaid Maqsood Imran
Chartered Accountants

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

ASSETS	Note	Restated	
		2023	2022
----- Pak Rupees -----			
NON-CURRENT ASSETS			
Property and equipment	4	508,210	586,517
Intangible assets	5	2,500,000	2,500,000
Long term investment	7	62,391,438	52,984,174
Long term deposits	8	500,000	500,000
		65,899,648	56,570,691
CURRENT ASSETS			
Trade and other receivable - net	9	28,615,884	10,338,758
Short term deposits	10	5,368,120	5,275,213
Short term investment	11	-	-
Income tax refundable	11	-	4,197,260
Cash and bank balances	12	5,380,151	5,696,215
		39,364,155	25,507,446
		<u>105,263,803</u>	<u>82,078,137</u>
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital		71,000,000	71,000,000
Issued, subscribed and paid-up capital	13	68,055,800	68,055,800
Revenue reserve			
Unappropriated profit		25,178,051	1,971,549
Capital reserve			
Deposit for issue of shares		4,500,000	-
		<u>97,733,851</u>	<u>70,027,349</u>
NON-CURRENT LIABILITIES			
Deferred tax liability - net	15	-	4,782,459
CURRENT LIABILITIES			
Trade and other payables	16	7,340,239	7,268,329
Tax payable		189,713	-
		7,529,952	7,268,329
CONTINGENCIES AND COMMITMENTS	17	-	-
		<u>105,263,803</u>	<u>82,078,137</u>

The annexed notes 1 to 30 form an integral part of these financial statements.


Chief Executive Officer


Seemal Bhatia
Director

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED JUNE 30, 2023

		2023	Restated 2022
	Note	----- Pak Rupees -----	
Operating revenue	18	10,210,477	6,405,233
Administrative expenses	19	(1,269,300)	(7,801,156)
Operating Profit/(Loss)		8,941,178	(1,395,923)
Other income / (Loss)	20	10,078,133	532,233
Profit/(Loss) before taxation		19,019,311	(863,690)
Taxation	21	4,187,192	(399,159)
Profit/(Loss) for the year		23,206,502	(1,262,849)

The annexed notes 1 to 30 form an integral part of these financial statements.



 Chief Executive Officer

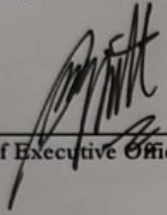


 Director


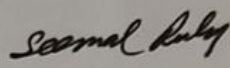
HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	Restated 2022
	----- Pak Rupees -----	
Profit / (Loss) for the year	23,206,502	(1,262,849)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>23,206,502</u>	<u>(1,262,849)</u>

The annexed notes 1 to 30 form an integral part of these financial statements.



Chief Executive Officer

Director

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	Restated 2022
Note	----- Pak Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	19,019,311	(863,690)
Adjustments:		
Depreciation and impairment	78,307	90,863
Unrealized loss/(gain) on short-term investments	(9,407,264)	(2,093,876)
Asset written off	4,197,260	-
Interest expense for the year	-	17,440
Dividend income	-	(1,820,762)
	(5,131,697)	(3,806,335)
Profit before working capital changes	13,887,614	(4,670,025)
(Increase)/decrease in current assets		
Trade and other receivable - net	(18,277,126)	(7,635,758)
Deposits, prepayments and other receivables	(92,907)	4,781,182
	(18,370,033)	(2,854,576)
Increase/(decrease) in current liabilities		
Trade and other payables	71,910	(1,984,977)
Cash generated from/(used in) operations	(4,410,510)	(9,509,578)
Finance charges paid	-	(17,440)
Proceeds from sale /(acquisition) of short-term investments -net	-	13,684
Dividends received	-	1,820,762
Taxes refund / (payment)	(405,554)	(296,357)
	(405,554)	1,520,649
Net cash from operating activities	(4,816,064)	(7,988,929)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of property and equipment	-	-
Decrease/(increase) in long-term deposits	-	-
Net cash generated from/(used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	9,200,000
Share deposit money	4,500,000	-
Decrease/(increase) in long-term deposits	-	-
Net cash generated from/(used in) investing activities	4,500,000	9,200,000
Net (decrease)/increase in cash and cash equivalents	(316,064)	1,211,071
Cash and cash equivalents at the beginning of the year	5,696,215	4,485,144
Cash and cash equivalents at the end of the year	5,380,151	5,696,215

The annexed notes 1 to 30 form an integral part of these financial statements.

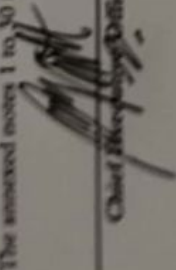
Chief Executive Officer

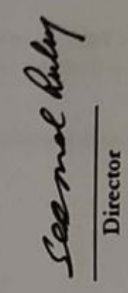
Director

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Capital Reserve Share Deposit Money	Revenue reserve Unappropriated profit/(loss)	Total
----- Pak Rupees -----				
Balance as at June 30, 2021-Restated	58,855,800	-	3,234,398	62,090,198
Increase in share capital	9,200,000	-	-	9,200,000
Profit for the year	-	-	(1,262,849)	(1,262,849)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income for the year	9,200,000	-	(1,262,849)	7,937,151
Balance as at June 30, 2022-Restated	68,055,800	-	1,971,549	70,027,349
Increase in share capital	-	-	-	-
Profit for the year	-	-	23,206,502	23,206,502
Share deposit money received	4,500,000	-	-	4,500,000
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income for the year	4,500,000	-	23,206,502	23,206,502
Balance as at June 30, 2023	68,055,800	4,500,000	25,178,051	97,733,851

The annexed notes 1 to 30 form an integral part of these financial statements.


 Chief Accounting Officer


 Director

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Hamza Farhad Securities (Private) Limited (the "Company") is a private limited company incorporated in Pakistan on April 27, 2011 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited.

The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

The geographical location and address of Company and its branch office is as follows:

Business Units	Geographical Location
Head / Registered offices	Office No. 11, Block 51, Chaudhry Plaza, Jinnah Avenue, Blue Area, Islamabad
Branch Office	5-Ambassador centre, Davis Road, Lahore

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards for Small and Medium Sized Entities (SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed

2.2 Change of Accounting Framework

The accounting framework for the preparation of financial has been changed from International Financial reporting standard to International Financial Reporting Standards (IFRS) for Small and Medium Entities (SMEs) issued by IASB. This change has no effect on the measurement of assets and liabilities except the investment at fair value through other comprehensive income (FVTOCI) has been reclassified to fair value through profit or loss (FVTPL), resultantly the fair value reserve through other comprehensive income has also been reclassified to fair value gain through profit or loss as mentioned below:

	2022	2021
Decrease in Unrealized surplus on remeasurement of investments measured at FVOCI	-	16,075,890
Increase in Unappropriated Profit	1,779,795	16,075,890

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2.4 Functional & Presentation Currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.5 Use of Judgment and Estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and amortization method of intangible assets
- Impairment loss of non-financial assets other than inventories
- Provision for bad debts
- Estimation of provisions
- Fair value of unquoted equity investments
- Classification, recognition, measurement / valuation of financial instruments and
- provision for taxation .

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

3.1 Property and equipment

Initial Recognition

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which the are incurred.

Depreciation

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 4 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from the date when the asset is available for use until the asset is disposed off.

Disposal

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

Judgments and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Change in estimate

The Company reviews useful lives of property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss. Further, management also on a year basis reviews the carrying amounts of certain classes of property and equipment which are carried at revalued amounts. Any change in estimate in future years which might affect the carrying amount of these classes with a corresponding effect on the surplus on revaluation of property and equipment, related deferred tax liability and related charge of incremental depreciation.

3.2 Intangible Asset - Acquired

TREC Certificate

These are stated at cost less impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items. Trading Right Entitlement Certificates and Membership Card have indefinite useful life and accordingly are not amortized however, these are tested for impairment only. Impairment loss is recognized in profit and loss account.

Judgments and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.3 Financial Instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated initially at cost which is the fair value of consideration given or received. The financial assets are subsequently measured at fair value, amortized cost or cost as the case may be with classifications into i) at fair value through profit or loss (FVTPL) and ii) at amortized cost. Subsequently:

i) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

ii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in Statement of Profit or loss. Currently, there are no financial liabilities designated at FVTPL.

3.3.1 Impairment of financial assets

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. The impairment loss is recognized immediately in the statement of profit or loss and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.3.2 Derecognition of financial instruments

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

3.4 Trade Receivable

Measurement

Trade receivable are recognized initially at fair value and subsequently measured at cost less provision for doubtful debts.

Impairment

A provision for impairment of trade receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debts. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

3.5 Taxation

Income tax expense comprises current and deferred tax.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management yearly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Cash and cash equivalents

These are measured at cost which is the fair value. For the purposes of cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, balances with banks on current and savings accounts and short term investment and running finance.

3.7 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the company's shareholders.

3.10 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount could be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Judgment and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Contingent liabilities

A contingent liability is disclosed when the company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the company or the company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.13 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses.

Revenue is recognized on the following basis:

Brokerage Commission

Brokerage, consultation and advisory fee and commission on securities and commodities is recognized as and when related services are rendered.

Income on bank deposits

Mark-up / interest on bank deposits and return on investments is recognized on accrual basis.

Profit on exposure deposits

Profit on exposure deposits is recognized using the effective interest rate.

Dividend income

Dividend income is recognised in profit or loss as other income when:

- the Company's right to receive payment have been established;
- it is probable that the economic benefits associated with the dividend will flow to the company; and
- the amount of the dividend can be measured reliably.

Others

Gain / loss on sale of investment is recognized in the year in which they arise.

3.14 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

3.15 Trade date accounting

All "regular way" purchases and sales of financial assets are recognized on trade date, i.e. the date on which the asset is sold to or by the Company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

3.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.



HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

4 PROPERTY AND EQUIPMENT

	Owned				Total
	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	
	----- Pak Rupees -----				
Balance as at July 01, 2021	104,500	100,569	521,848	1,308,000	2,034,917
Additions	-	-	-	-	-
Balance as at June 30, 2022	104,500	100,569	521,848	1,308,000	2,034,917
Depreciation					
Balance as at July 01, 2021	104,500	46,864	360,653	845,520	1,357,537
For the period	-	5,371	16,120	69,372	90,863
Balance as at June 30, 2022	104,500	52,235	376,773	914,892	1,448,400
Balance as at July 01, 2022	104,500	52,235	376,773	914,892	1,448,400
For the period	-	4,833	14,508	58,966	78,307
Balance as at June 30, 2023	104,500	57,068	391,280	973,859	1,526,707
Carrying amount as at June 30, 2023	-	43,501	130,568	334,141	508,210
Carrying amount as at June 30, 2023	-	48,334	145,075	393,108	586,517
Rate of Depreciation	30%	10%	10%	15%	

4.1 Depreciation has been allocated to administrative expenses.

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- Pak Rupees -----	2022
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate ("TREC")	6.1 & 6.2	2,500,000	2,500,000
		<u>2,500,000</u>	<u>2,500,000</u>

- 5.1 The Company has pledged/hypothecated Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (PSX) at a notional value of Rs.2.5 million to meet Base Minimum Capital (BMC) requirement.
- 5.2 These are carried at notional value. Notional values of these Trading Right Entitlement Certificates is Rs. 2.5 million (2022: Rs.2.5 million), as published by PSX .

	Note	2023 ----- Pak Rupees -----	2022
6 FINANCIAL ASSETS OTHER THAN CASH AND BANK			
Financial Assets designated at FVTPL	7	62,391,438	52,984,174
Equity instruments designated at FVTPL	11	-	13,684
Debt instruments at amortised cost			
- Long term deposits	8	500,000	500,000
- Trade debts - net	9	28,615,884	10,338,758
- Short term deposits	10	5,368,120	5,275,213
		<u>34,484,004</u>	<u>16,113,971</u>
		<u>96,875,442</u>	<u>69,111,829</u>

7 LONG TERM INVESTMENT AT FVTPL			
Non-listed equity securities			
Balance as at July 01	7.1	52,984,174	50,890,298
Adjustment for remeasurement to fair value		9,407,263	2,093,876
Closing Balance		<u>62,391,438</u>	<u>52,984,174</u>

- 7.1 This include 60% (1,820,762 shares) which are held in a separate Central Depository Company Limited ("CDC") blocked sub-account.
- 7.2 This represents investment in the shares of ISE REIT Management Company Limited. The shares are non-listed and there is no evidence of existence of an active market or transactions amongst the participants at an arms length basis. As an alternative approach, the break-up value of shares (calculated as per TR-22 issued by ICAP) of ISE REIT Management Company Limited as per their latest audited financial statements has been taken with adjustment for unobservable inputs related to percentage of assets of REIT stated at fair value and risk factors related to marketability of shares. The related deferred tax has not been provided on unrealized gain since the market value taken here is break up value as per accounts of investee and its real market value is not available however some recent transactions these shares privately have been made at below cost.

	Note	2023 ----- Pak Rupees -----	2022
8 LONG TERM DEPOSITS			
Central Depository Company Limited		100,000	100,000
National Clearing Company of Pakistan Limited		200,000	200,000
Pakistan Stock Exchange Limited		200,000	200,000
		<u>500,000</u>	<u>500,000</u>

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
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 FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	----- Pak Rupees -----	
9 TRADE AND OTHER RECEIVABLE - NET			
Clients		45,843,455	35,753,641
Related parties		-	53,223
		45,843,455	35,806,864
Other Receivable	9.1	-	172,404
		45,843,455	35,979,268
Less: Provision for bad debt			
Customer	9.2	(17,227,571)	(25,640,510)
		28,615,884	10,338,758

9.1 This represents amount receivable from NCCPL against trading of securities which is due for settlement.

		2023	2022
	Note	----- Pak Rupees -----	
9.2 Provision for bad debt			
Balance as at July 1		25,640,510	21,678,794
Impairment charged/reversed during the year		(8,412,939)	3,961,716
Amount written off			
Closing balance as at June 30		17,227,571	25,640,510

		2023	2022
	Note	----- Pak Rupees -----	
10 SHORT TERM DEPOSITS			
Short-term deposits			
NCCPL exposure Margin - House		1,099,675	1,030,388
NCCPL exposure Margin - Clients		1,390,335	3,247,210
NCCPL Profit Held		2,878,110	997,615
		5,368,120	5,275,213

		2023	2022
	Note	----- Pak Rupees -----	
11 INCOME TAX (PAYABLE) / REFUNDABLE			
Balance at the beginning of the year		4,197,260	3,985,981
Add: Tax paid during the year		405,554	296,357
		4,602,814	4,282,338
Less: Adjustment against provision		(595,267)	(85,078)
Less: written off		(4,197,260)	-
Balance Payable / (Receivable)		(189,713)	4,197,260

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		----- Pak Rupees -----	
12	CASH AND BANK BALANCES		
	Cash in hand	250,000	-
	Cash at bank - Local currency		
	Current accounts	12.1 5,130,151	5,696,215
		<u>5,380,151</u>	<u>5,696,215</u>

12.1 Cash at bank includes customers' assets in the amount of PKR 5,119,562 (2022: PKR 5,660,151) held in designated bank accounts.

		2023	2022
		----- Pak Rupees -----	
13	SHARE CAPITAL		
13.1	Authorized capital		
	710,000 (2022: 710,000) ordinary shares of PKR 100 each, fully paid in cash	<u>71,000,000</u>	<u>71,000,000</u>
13.2	Issued, subscribed and paid-up share capital		
	2023 2022 Ordinary shares of Rs.100 each, issued for cash		
	<u>680,558</u> <u>680,558</u>	<u>68,055,800</u>	<u>68,055,800</u>
13.3	Reconciliation of number of shares outstanding	2023	2022
	Ordinary shares	Numbers	
	Number of shares outstanding at the beginning of the year	680,558	588,558
	Issued for cash (against long term director's loan)	13.4	92,000
	Number of shares outstanding at the end of the year	<u>680,558</u>	<u>680,558</u>

13.4 This represents shares issued at par value of Rs.100 each against conversion of long term director's loan.

13.5 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2023	2022	2023	2022
Ms. Seemal Ruby	37,850	37,850	5.56%	5.56%
Khalid butt	734,708	642,708	107.96%	94.44%

		2023	2022
		----- Pak Rupees -----	
14	FINANCIAL LIABILITIES		
	Current		
	Financial liabilities at amortised cost		
	Trade and other payable	16 7,340,239	7,268,329
	Tax payable	189,713	-
		<u>7,529,952</u>	<u>7,268,329</u>

15 **DEFERRED TAX LIABILITY**

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

		2023	2022
		----- Pak Rupees -----	
	Opening balance	4,782,459	4,468,378
	Revaluation of financial assets - FVTPL	(4,782,459)	314,081
		<u>-</u>	<u>4,782,459</u>

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		----- Pak Rupees -----	
16	TRADE AND OTHER PAYABLES		
	Trade creditors	16.1 4,456,208	6,708,909
	Accrued expenses	1,950,303	559,420
	Payable to NCCPL	933,727	-
		<u>7,340,239</u>	<u>7,268,329</u>

16.1 Trade payables include balances amounting to Rs. 49,858 (2023: Rs. 34,248) due to related parties.

17 CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments of the Company as at June 30, 2023 (2022: Nil)

		2023	2022
	Note	----- Pak Rupees -----	
18	REVENUE		
	Commission Income Equity Trading	8,237,985	4,584,471
	Dividend income	1,972,492	1,820,762
		<u>10,210,477</u>	<u>6,405,233</u>

19 OPERATING AND ADMINISTRATIVE EXPENSES

	Staff salaries, allowances and other benefits	2,250,214	1,726,164
	Director's remuneration	1,533,745	2,060,326
	Communication expense	71,934	104,358
	Traveling and conveyance	30,000	53,000
	Entertainment	30,768	171,560
	CDC trading charges	112,960	45,800
	Provision for doubtful debts	(8,412,939)	-
	NCCPL trading charges	254,317	211,090
	PSX LAGA charges	256,089	200,184
	Fees and subscription	326,000	462,846
	Office rent and utilities	-	210,000
	Auditor's remuneration	19.1 400,000	130,000
	Depreciation	78,307	90,863
	Bank and other charges	5,460	17,440
	Others	4,332,445	2,317,525
		<u>1,269,300</u>	<u>7,801,156</u>

19.1 Auditor's remuneration

Audit Services

Annual Audit fee
 400,000 | 100,000 |

Non-audit services

Certifications for regulatory purposes
 - | 30,000 |

400,000 130,000

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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20	OTHER INCOME			
	Gain / (loss) on equity instruments at FVTPL		(60,325)	(1,659,211)
	Unrealized gain/(loss) on equity instruments at FVTPL		9,407,264	2,093,876
	Miscellaneous income		731,194	97,568
			<u>10,078,133</u>	<u>532,233</u>

21	INCOME TAX EXPENSE			
	Current tax	21.1	595,267	85,078
	Deferred tax	15	(4,782,459)	314,081
			<u>(4,187,192)</u>	<u>399,159</u>

21.1	Major components of current tax expense			
	Charge for current year		189,713	85,078
			<u>189,713</u>	<u>85,078</u>

22 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**
 The aggregate amounts charged in the financial statements for remuneration to the chief executive, directors and executives of the the terms of their employment are set out in the table below:

	2023		2022	
	Chief Executive	Director	Chief Executive	Director
	----- Pak Rupees -----		----- Pak Rupees ----- Ru	
Short term employee benefits				
Managerial Remuneration	300,000	1,233,745	1,712,326	348,000
	<u>300,000</u>	<u>1,233,745</u>	<u>1,712,326</u>	<u>348,000</u>
No. of persons	1	1	1	1

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Capital adequacy level as required by CDC is calculated as follows;

	2023	2022
	----- Pak Rupees -----	
Total assets	105,263,803	82,078,137
Less: Total liabilities	(7,529,952)	(7,268,329)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	<u>97,733,851</u>	<u>74,809,808</u>

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24 LIQUID CAPITAL BALANCE

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Pak Rupees -----		
I. Assets				
1.1	Property & Equipment	508,210	508,210	-
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.	-	-	-
	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.	62,391,438	62,391,438	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity - 100% of net value	500,000	500,000	-
1.9	Margin deposits with exchange and clearing house - Nil Haircut	5,368,120	-	5,368,120
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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HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- 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	405,554	-	405,554
	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 MiM gains.	-	-	-
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if		-	-
	a. value of securities held in the blocked account after applying VAR based Haircut,			
	b. cash deposited as collateral by the Finanee 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.	73,968	-	73,968
	- Balance sheet value			
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of	45,769,487	32,764,792	13,004,695
	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.			
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-
1.18	Cash and Bank balances:			
	i. Bank Balance-proprietary accounts	10,589	-	10,589
	ii. Bank balance-customer accounts	5,119,562	-	5,119,562
	iii. Cash in hand	250,000	-	250,000
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	122,896,928	98,664,440	24,232,488

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HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Pak Rupees -----		
2. Liabilities				
2.1	Trade Payables:			
	i. Payable to exchanges and clearing house	933,727	-	933,727
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	4,456,208	-	4,456,208
2.2	Current Liabilities:			
	i. Statutory and regulatory dues		-	-
	ii. Accruals and other payables	1,950,303	-	1,950,303
	iii. Short-term borrowings		-	-
	iv. Current portion of subordinated loans		-	-
	v. Current portion of long term liabilities		-	-
	vi. Deferred Liabilities		-	-
	viii. Provision for taxation	189,713	-	189,713
	ix. Other liabilities as per accounting principles and included in the financial statements		-	-
2.3	Non-Current Liabilities:			
	i. Long-Term financing		-	-
	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 conditions 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:	4,500,000	1,500,000	3,000,000
	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			
	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	12,029,952	1,500,000	10,529,952
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.	-	-	-

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Pak Rupees -----		
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: In the case of financier/purchaser, the total amount receivable under Repo less the 110% 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	-	-	-

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Pak Rupees -----		
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, 2022 (1.20-2.5-3.11)		110,866,976	97,164,440	13,702,536

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	24,232,488
(ii) Less: Adjusted value of liabilities (serial number 2.6)	10,529,952
(iii) Less: Total ranking liabilities (serial number 3.11)	-
	<u>13,702,536</u>

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

25 Information required by regulation 34 of Securities Broker Regulations 2016	2023	2022
a) Customer shares in the central depository system	10,931,570	6,442,068
Customer's cash in bank account - PKR	5,119,562	5,660,151
b) Securities pledged with financial institutions		
c) Pattern of shares:		
Ms. Seemal Ruby	37,850	37,850
Khalid butt	734,708	734,708
Total no of shares	772,558	772,558
d) Changes in shareholding:		
Shares issued during the year to Ms. Seemal Ruby	-	-
Shares issued during the year to Khalid butt	-	-
e) Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the statement of profit or loss.		
f) Aging analysis of amount due from customers		
Due not more than 5 days - PKR	81,732	521,192
Due more than 5 days - PKR	21,377,768	35,458,076

26 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties include directors, major shareholders, key management personnel, senior executives and entities over which the directors are able to exercise influence. Transaction with related parties are on arm's length basis (except for where stated else wise). Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nam of the related party	Nature of relationship	Transactions during the year	2023	2022
			----- Rupees -----	
Khalid Butt	Director with 94.4% holding	Issue of share	-	9,200,000
		<i>Closing balance</i>		
		Payable	49,858	34,248
Seemal Ruby	Director with 5.6% holding	<i>Closing balance</i>		
		Receivables	234,749	53,223

27 CORRESPONDING FIGURES

The corresponding figures of these financial statements for the year ended June 30, 2023 have been rearranged and reclassified, wherever considered necessary.

28 EVENTS AFTER REPORTING DATE

There were no subsequent events that may require adjustment is the financial statements as at reporting date.

29 GENERAL

29.1 The figures have been rounded off to the nearest Rupee.

	2023	2022
29.2 Number of persons employed	6	7
Average number employees during the year	6	7

30 DATE OF AUTHORIZATION

These financial statements have been authorized by the Board of Directors of the Company on

October 31, 2023.

CHIEF EXECUTIVE

DIRECTOR