

HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION (Un-Audited)
AS AT DEC 31, 2023

	Note	Dec-23
		(Rupees)
Non-Current Assets		
Property and equipment		508,210
Intangible asset		2,500,000
Long term investment		62,391,438
Long term deposits		500,000
		65,899,648
Current Assets		
Trade debts - net		34,847,471
Deposits, prepayments and other receivables		8,572,915
Income tax		878,335
Short term investments		-
Cash and bank balances		6,900,404
		51,199,125
		<u>117,098,773</u>
Equity and Liabilities		
Share capital		69,555,800
Unappropriated profit		33,084,359
Total equity		102,640,159
Non Current Liabilities		
Long term loan - unsecured		
Deferred tax laibility		
Current Liabilities		
Trade and other payables		14,344,031
Provision for taxation - net		114,582
		14,458,613
		<u>117,098,773</u>


Chief Executive


Director

HAMZA FARHAD SECURITIES (PVT) LIMITED
INCOME STATEMENT (Un-Audited)
FOR THE PERIOD ENDED Dec 31, 2023

	Note	Dec-23
		------(Rupees)-----
Revenue		5,864,221
		-
		5,864,221
Operating and administrative expenses		(5,536,843)
Operating Profit/(loss)		327,378
Finance charges		-
Other income / (loss)		3,193,513
Profit/(Loss) before taxation		3,520,891
Taxation		
- Current tax expense		114,582
- Deferred tax expense		
Gain/Loss On Bad Debits		
Profit/(Loss) for the year, after taxation		3,406,308


Chief Executive


Director

HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE PERIOD ENDED Dec 31, 2023

	Share capital	Capital Reserve	Unappropriated profit	Total
		(Rupees)		
Balance as at 30 Jun 2022	68,055,800	-	1,971,549	70,027,349
Shares issued during year	-	-	-	-
Unwind of discount on long-term loan	-	-	-	-
Deposit for Shares	-	4,500,000	-	4,500,000
Profit for the year	-	-	23,206,502	23,206,502
Other comprehensive income for the year	-	-	-	-
Balance as at 30 Jun 2023	68,055,800	4,500,000	25,178,051	97,733,851
Shares issued during year	1,500,000	-	-	1,500,000
Unwind of discount on long-term loan	-	-	-	-
Deposit For Shares	-	(4,500,000)	-	-
Profit for the year	-	-	3,406,308	3,406,308
Other comprehensive income for the year	-	-	-	-
Balance as at 31 Dec 2023	69,555,800	-	28,584,359	102,640,159



HAMZA FARHAD SECURITIES (PVT) LTD
STATEMENT OF CASH FLOWS (Un-Audited)
AS AT DEC 31, 2023

Dec-23

----- Pak Rupees -----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (Loss) before taxation	3,520,891
Adjustments:	
Depreciation and impairment	
Unrealized loss/(gain) on short-term investments	
Asset written off	
Interest expense for the year	
Dividend income	(2,822,181)
	(2,822,181)
Profit before working capital changes	698,710
(Increase)/decrease in current assets	
Trade and other receivable - net	(6,231,587)
Deposits, prepayments and other receivables	(3,204,795)
	(9,436,382)
Increase/(decrease) in current liabilities	
Trade and other payables	7,003,792
Cash generated from/(used in) operations	(1,733,880)
Finance charges paid	-
Proceeds from sale /(acquisition) of short-term investments -net	-
Dividends received	2,822,181
Taxes refund / (payment)	-
	2,822,181
Net cash from operating activities	1,088,301

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	-
Share deposit money	-
Decrease/(increase) in long-term deposits	-
Net cash generated from/(used in) investing activities	-

Net (decrease)/increase in cash and cash equivalents	1,088,301
Cash and cash equivalents at the beginning of the year	5,380,151
Cash and cash equivalents at the end of the year	6,468,452

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

Chief Executive Officer

Director

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
AS ON 31 DEC 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:

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

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.

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.

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 substantively 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.

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.